JOSEPH KELLY
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CALIFORNIA 90012
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May 10, 2016

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

52 May 10, 2016

Lori Glasgow
LORI GLASGOW
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ISSUANCE AND SALE OF
2016-17 TAX AND REVENUE ANTICIPATION NOTES
(ALL DISTRICTS) (3 VOTES)

SUBJECT

The Treasurer and Tax Collector is requesting authorization from your Board to issue Tax and Revenue Anticipation Notes (TRANs) to meet the Fiscal Year 2016-17 cash flow needs of the County General Fund. This short-term borrowing program enables the County to manage the funding of its expenditure requirements and greatly reduces the need for internal borrowing. We are requesting a maximum authorization for the 2016-17 TRANs in an amount not to exceed $800,000,000.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the Resolution authorizing the issuance and sale of the 2016-17 Tax and Revenue Anticipation Notes in an aggregate principal amount not to exceed $800,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the attached Resolution will authorize the issuance of the 2016-17 TRANs and the execution and delivery of all related financing documents. Each year since 1977, the County has issued tax-exempt TRANs in connection with its cash management program for the upcoming fiscal year. This short-term borrowing program is necessary given that the County receives certain revenues, such as property taxes, on an uneven basis throughout the fiscal year. The proceeds generated from the issuance of TRANs are maintained in a separate fund by the Auditor-Controller and transferred on a periodic basis to meet the cash needs of the County General Fund. This process will greatly reduce the County's need for internal borrowing.

Due to the County's stable financial condition and improved cash flows, we are requesting a maximum authorization for the 2016-17 TRANs in the amount of $800,000,000, which represents a $100,000,000 reduction from the par amount of TRANs authorized and issued for Fiscal Year 2015-16. The final par amount of the 2016-17 TRANs may be adjusted downward to reflect the projected cash flow needs of the County and to ensure compliance with Federal regulations for tax-exempt financings.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #2: Fiscal Sustainability by providing sufficient financial resources to help meet the Fiscal Year 2016-17 cash flow requirements of the County General Fund.

FISCAL IMPACT/FINANCING

The borrowing cost of the 2016-17 TRANs will depend on market conditions on the date of the sale. The Resolution provides that the price and interest rate on the TRANs shall not result in a true interest cost that exceeds three percent (3%). However, the actual cost of borrowing is expected to be significantly lower and may result in a true interest cost below one percent (1%).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Based on current conditions in the municipal note market, the 2016-17 TRANs are expected to be sold as a single series of one-year fixed-rate notes maturing on June 30, 2017. The final structure of the TRANs will be determined at the time of pricing, which is currently scheduled for early June 2016. Proceeds from the sale of the 2016-17 TRANs are expected to be available to the County on July 1, 2016.

Consistent with the County's historical practice, the Treasurer and Tax Collector is recommending a negotiated sale of the 2016-17 TRANs. Based on the results of a competitive bid process, Wells Fargo was selected as the lead senior managing underwriter, with JP Morgan appointed to serve as the co-senior manager. Up to four co-managers will be added to the underwriting syndicate for the TRANs prior to the pricing date. Orrick, Herrington & Sutcliffe LLP will serve as note counsel for this transaction.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The 2016-17 TRANs are issued as part of a cash management program, which has no direct impact on current services.

CONCLUSION

Upon approval of this Resolution, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,

Joseph Kelly

Treasurer and Tax Collector

JK:JP:BS:pab
Pb/brdltr/2016-
17trans

Enclosures

c: Chief Executive Officer
Auditor-Controller
County Counsel
Orrick, Herrington & Sutcliffe LLP

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA PROVIDING FOR THE ISSUANCE AND SALE OF 2016-17 TAX AND REVENUE ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $800,000,000

WHEREAS, the County of Los Angeles (the **"County"**), a political subdivision of the State of California, requires funds for the purposes authorized by Section 53852 of the California Government Code; and

WHEREAS, the County may borrow money pursuant to Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858, inclusive, as amended (the **"Act"**), for the purposes authorized by Section 53852 of the Act, such indebtedness to be represented by a note or notes of the County; and

WHEREAS, pursuant to the Act, such note or notes are to be issued pursuant to a resolution of the Board of Supervisors of the County (the **"Board"**) and may be issued from time to time as provided in such resolution; and

WHEREAS, the County has determined that it is necessary and in the best interests of the County to authorize the borrowing of an amount not to exceed $800,000,000 with respect to its fiscal year ending June 30, 2017 (**"Fiscal Year 2016-17"**), such indebtedness to be evidenced by the County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes authorized hereby (the **"2016-17 TRANs"**) in an aggregate principal amount not to exceed the amount stated above in anticipation of the receipt by or accrual to the County during such fiscal year of taxes, income, revenue, cash receipts and other moneys provided for such fiscal year for the General Fund of the County; and

WHEREAS, the terms and provisions of the 2016-17 TRANs shall be as set forth in this Resolution and in the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of the County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes, a form of which has been filed with the Board (such Financing Certificate, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as the **"Financing Certificate"**); and

WHEREAS, the unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2016-17 that will be available for the payment of the 2016-17 TRANs and all other notes issued by the County under the Act in such fiscal year, and the interest thereon, are reasonably estimated to be in excess of $7,700,000,000; and

WHEREAS, there has been filed with the Board a form of Contract of Purchase, one or more of which are to be executed and delivered by the County and the initial purchasers of all or a portion of the 2016-17 TRANs as may be selected by the Treasurer (as defined herein) from time to time (each such Contract of Purchase, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as a **"Contract of Purchase"**); and

WHEREAS, there has been filed with the Board a form of preliminary official statement to be used in connection with the offering and sale of the 2016-17 TRANs (such preliminary official statement, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as a **"Preliminary Official Statement"**); and

WHEREAS, there has been filed with the Board a form of Continuing Disclosure Certificate to be executed and delivered by the County in connection with the issuance and sale of the 2016-17 TRANs (such Continuing Disclosure Certificate, in the form filed with the Board, with such changes therein as are made pursuant to this Resolution, being referred to herein as the **"Disclosure Certificate"**);

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles as follows:

Section 1. The foregoing recitals are true and correct and the Board hereby so finds.

Section 2. The form of Financing Certificate, in substantially the form on file with the Board and by this reference incorporated herein, is hereby approved. Subject to the provisions of Section 3 hereof, the Treasurer and Tax Collector of the County, and such other officer of the County as the Treasurer and Tax Collector may designate (collectively, the **"Treasurer"**), are, and each of them is, hereby authorized, and hereby directed, for and in the name of and on behalf of the County, to execute and deliver the Financing Certificate, substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Treasurer is empowered to implement the fundamental policies established by this Resolution in a manner determined by the Treasurer to be in the best interests of the County, after giving consideration to each of the following with regard to the issuance of the 2016-17 TRANs: (i) market access; (ii) the costs to the County; and (iii) the generation of sufficient proceeds, as contemplated by this Resolution. Without limiting the foregoing, the Treasurer, subject to Section 3 hereof, may determine the maturity date or dates and amount or amounts for any and each respective series of the 2016-17 TRANs, and the Treasurer is hereby authorized to make conforming changes reflecting such maturity or maturities and amount or amounts to each of the documents approved by this Resolution, including establishing the dates and amounts of Unrestricted Revenues (as defined herein) to be set aside pursuant to Section 9 hereof under the Financing Certificate, as the Treasurer determines are necessary or appropriate. The terms and conditions as set forth (or incorporated by reference) in the Financing Certificate, together with the terms and conditions of the 2016-17 TRANs set forth in this Resolution, shall, upon the execution and delivery of the Financing Certificate, be the terms and conditions of such 2016-17 TRANs, as if all such terms and conditions were fully set forth in this Resolution.

Section 3. The 2016-17 TRANs are hereby authorized to be issued in one or more series in an aggregate principal amount not to exceed $800,000,000. The 2016-17 TRANs shall mature on any date or dates not later than 13 months from their date of issuance, in each case as shall be established by the Treasurer and set forth in the Financing Certificate.

Section 4. In consideration of the purchase and acceptance of any and all of the 2016-17 TRANs authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the County and the holders thereof (the "**Holders**"). The pledge made in, and the covenants and agreements to be performed by and on behalf of the County set forth in, this Resolution shall be for the equal benefit, protection and security of the Holders of any and all of the 2016-17 TRANs, regardless of the maturity or maturities of the separate series of 2016-17 TRANs, if any, shall be of equal rank without preference, priority or distinction of any of the 2016-17 TRANs over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

Section 5. The 2016-17 TRANs may be subject to redemption if so provided, and in the manner provided, in the Financing Certificate.

Section 6. The Treasurer is authorized to negotiate the sale of the 2016-17 TRANs issued under this Resolution from time to time at such prices (not to exceed the maximum interest rate permitted by law) as may be established by the Treasurer and set forth in one or more Contracts of Purchase between the County and the respective initial purchasers of all or a portion of the 2016-17 TRANs, substantially in the form submitted to and considered at this meeting of the Board and by this reference incorporated herein; *provided, however,* that (a) the price and the interest rates for 2016-17 TRANs of any series shall not result in a true interest cost (taking into consideration all applicable contracts entered into pursuant to Section 11 of this Resolution) to the County with respect to such series of 2016-17 TRANs that exceeds 3.00% per annum, and (b) the aggregate underwriters' discount (not including any original issue discount) from the principal amount of such series of 2016-17 TRANs issued shall not exceed 1.00% of the aggregate principal amount of such series of 2016-17 TRANs. The Treasurer is hereby authorized, and is hereby directed, for and in the name of and on behalf of the County, to execute and deliver each Contract of Purchase, substantially in the form on file with the Board, and any other documents required to be executed pursuant to each such Contract of Purchase, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The form of the Preliminary Official Statement, in substantially the form on file with the Board and by this reference incorporated herein, is hereby approved. The Treasurer is hereby authorized to prepare and distribute, or cause to be prepared and distributed, one or more Preliminary Official Statements in substantially the form presented to this meeting, with such changes as the Treasurer or any of his respective designees may approve. The Treasurer and his respective designees are and each of them acting alone is hereby authorized, for and in the name of and on behalf of the County, to approve one or more final official statements for the 2016-17 TRANs (each, an **"Official Statement"**) authorized hereby, each in substantially the form of the respective Preliminary Official Statement, with such insertions and changes therein as the Treasurer or any of his respective designees may require or approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the delivery of such Official Statement or Official Statements. The Treasurer and any of his respective designees are hereby further authorized, for and in the name of and on behalf of the County, to execute and deliver a certificate or other instrument deeming each Preliminary Official Statement to be final as of its respective date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

Section 8. All or any portion of the 2016-17 TRANs may be sold with credit enhancement (such as a letter of credit or policy of municipal bond insurance), if the Treasurer determines that the savings and benefits to the County resulting from the purchase of such credit enhancement exceed the cost thereof. The form, terms and conditions of each instrument providing such credit enhancement or liquidity support shall be as approved by the Treasurer.

Section 9. The Auditor-Controller of the County (the **"Auditor-Controller"**) is hereby directed to establish or cause to be established a "2016-17 TRANs Repayment Fund" (the **"2016-17 TRANs Repayment Fund"**) and any additional subaccounts therein that the Auditor-Controller deems necessary to effectuate the purposes of this Resolution.

The term **"Unrestricted Revenues"** shall mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2016-17 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. As provided in the Financing Certificate and in the Act, and subject to the provisions of this Resolution and the Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein, the County hereby pledges to the payment of the 2016-17 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified in the Financing Certificate, in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (calculated based on the maximum authorization established hereunder of $800,000,000), as the Financing Certificate shall be completed as provided in this Resolution (the **"Pledged Revenues"**).

As provided in Section 53856 of the Act, the 2016-17 TRANs and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. As security for the payment of the 2016-17 TRANs, the County hereby covenants to deposit or cause to be deposited in the 2016-17 TRANs Repayment Fund, in trust for the registered owners of the 2016-17 TRANs, the Pledged Revenues to be so deposited, and the Auditor-Controller is hereby directed to deposit in the 2016-17 TRANs Repayment Fund the Pledged Revenues. To the extent that any amounts actually received pursuant to the set-aside requirements set forth above (as shall be completed as provided in the Financing Certificate) are less than the amount designated for each such set-aside, then the amount of any deficiency in the 2016-17 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is hereby directed to deposit into the 2016-17 TRANs Repayment Fund additional amounts from any such other moneys of the County. The amounts on deposit in the 2016-17 TRANs Repayment Fund are hereby pledged to the payment of the 2016-17 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2016-17 TRANs and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the 2016-17 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Pledged Revenues may be invested in Permitted Investments (as defined in the Financing Certificate); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2016-17 Notes. Any amounts remaining in the 2016-17 TRANs Repayment Fund after repayment of all 2016-17 TRANs and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of his respective designees may direct.

Section 10. The form of Disclosure Certificate on file with the Board and by this reference incorporated herein is hereby approved. The Treasurer is hereby authorized for and in the name of and on behalf of the County to execute and deliver the Disclosure Certificate, substantially in the form on file with the Board, with such changes therein as may be necessary or as the Treasurer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 11. Pursuant to Section 5922 of Chapter 12, Division 6, Title 1 of the California Government Code, as amended, the Board hereby authorizes the Treasurer, in connection with, or incidental to, the issuance or carrying of the 2016-17 TRANs, or the acquisition or carrying of any investment or program of investment by the County, to enter into any contracts, including without limitation contracts commonly known as interest rate swap agreements, forward payment conversion agreements, futures or contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cashflows or a series of payments, or contracts, including without limitation, interest rate floors or caps, options, puts or calls to hedge payment, rate, spread or similar exposure, which the Treasurer determines to be necessary or appropriate (with such terms and provisions as the Treasurer deems necessary or appropriate) to place the obligation or investment represented by such 2016-17 TRANs, such investment or program of investment, or such contract or contracts, in whole or in part, on the interest rate, cashflow or other basis determined by the Treasurer. The principal or notional amount with respect to any such contract entered into shall not exceed the greater of the aggregate principal amount of the 2016-17 TRANs or the amount of Pledged Revenues.

These contracts and arrangements shall be entered into with the parties, including without limitation the initial purchasers of any 2016-17 TRANs, selected by the means determined by the Treasurer, and shall contain the payment, security, default, remedy and other terms and conditions determined by the Treasurer, after giving due consideration for the creditworthiness of the counterparties, where applicable, including any rating by a nationally recognized rating agency or any other criteria as may be appropriate. The form, terms and conditions of any such contract entered into shall be as approved by the Treasurer and consistent with the purposes of this Resolution and the Financing Certificate.

The Board hereby finds and determines that the contracts authorized by this Section are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the issuance of the 2016-17 TRANs and to enhance the relationship between risk and return with respect to the investment or program of investment in connection with, or incident to, the contract or arrangement which is entered into.

Section 12. Whenever any document or instrument, including without limitation any 2016-17 TRANs, any Contract of Purchase or the Financing Certificate, or any term, provision or condition thereof, is to be approved or established by an authorized officer of the County pursuant to this Resolution, such approval or establishment shall be conclusively evidenced by such authorized officer's execution of such document or instrument or the document or instrument containing such term, provision or condition.

Section 13. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and the Financing Certificate and necessary or appropriate to carry the same into effect and to carry out its purposes.

Section 14. This Resolution shall take effect immediately upon its adoption.

The foregoing resolution was on the 10th day of May, 2016, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

LORI GLASGOW
Executive Officer – Clerk of the Board of
Supervisors of the County of Los Angeles

By: ______________________
Deputy

Approved as to form:

MARY C. WICKHAM
County Counsel

By: ______________________
Principal Deputy County Counsel

FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS
OF ISSUANCE AND SALE OF
COUNTY OF LOS ANGELES
2016-17 TAX AND REVENUE ANTICIPATION NOTES

Dated: ________, 2016

$_________
COUNTY OF LOS ANGELES
2016-17 TAX AND REVENUE ANTICIPATION NOTES

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FINANCING CERTIFICATE
PROVIDING FOR THE TERMS AND CONDITIONS OF ISSUANCE AND SALE OF 2016-17 TAX AND REVENUE ANTICIPATION NOTES

In connection with the issuance and sale of the 2016-17 Tax and Revenue Anticipation Notes (the **"2016-17 TRANs"**) by the County of Los Angeles, California, the Treasurer and Tax Collector of the County of Los Angeles (the **"Treasurer"**) hereby certifies that the 2016-17 TRANs shall be issued on the following terms and conditions:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 101. **Definitions**. The following terms shall for all purposes of this Certificate have the following meanings:

"Act" shall mean Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858, inclusive, as amended.

"Auditor-Controller" shall mean the Auditor-Controller of the County, and any other person designated by the Auditor-Controller to act on his behalf.

"Authorized Denominations" shall mean $5,000 or any integral multiple thereof.

"Authorized Newspapers" shall mean *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los Angeles, California, and in the Borough of Manhattan, City and State of New York.

"Board" shall mean the Board of Supervisors of the County.

"Business Day" shall mean any calendar day other than (i) a Saturday or Sunday; (ii) a day on which banking institutions are authorized or required by law to be closed for commercial banking purposes in either the State of New York or the State of California or in the state in which the Principal Office of the Paying Agent is located; or (iii) a day on which the New York Stock Exchange is closed.

"Certificate" shall mean this "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes," as from time to time amended or supplemented in accordance with the terms hereof.

"Chair" shall mean the Chair, Chairperson, Chairman or Mayor of the Board.

"Code" shall mean the Internal Revenue Code of 1986.

"Contract of Purchase" shall mean an agreement between the County and the Original Purchaser of all or a portion of the 2016-17 TRANs, together with any amendments thereto.

“County” shall mean the County of Los Angeles, California, its successors and assigns.

“DTC” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Event of Default” shall have the meaning assigned to such term in Section 503.

“Fiscal Year 2016-17” shall mean the County’s fiscal year ending June 30, 2017.

“Fitch” shall mean Fitch Ratings, One State Street Plaza, New York, New York 10004, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than Moody’s or S&P) designated by the County.

“General Fund” shall mean the General Fund of the County.

“Holder” shall mean the Person in whose name any 2016-17 TRANs is registered on the Note Register.

“Maturity Date” shall mean any date or dates of maturity of the 2016-17 TRANs as set forth in the 2016-17 TRANs and Section 203 hereof.

“Maximum Interest Rate” shall mean the maximum interest rate allowed by law.

“Moody’s” shall mean Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the County.

“Note Register” shall mean the registration books for the 2016-17 TRANs maintained by the Note Registrar pursuant to Section 302.

“Note Registrar” shall mean the Treasurer or any other Note Registrar appointed by the County pursuant to this Certificate.

“Official Statement” shall mean that certain Official Statement dated _____, 2016, relating to the 2016-17 TRANs, including any approved supplement or amendment thereto.

“Opinion of Bond Counsel” shall mean a written opinion of any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on bonds issued by states and political subdivisions thereof, and duly admitted to practice law before the highest court of any state of the United States of America.

"Original Purchaser" shall mean, collectively, the Persons who are the initial purchasers from the County of the 2016-17 TRANs upon the original issuance thereof.

"Outstanding," when used with reference to the 2016-17 TRANs, shall mean, as of any date, all of the 2016-17 TRANs theretofore or thereupon being issued under this Certificate except:

(i) 2016-17 TRANs cancelled on or prior to such date;

(ii) 2016-17 TRANs for which other 2016-17 TRANs shall have been delivered in lieu of or in substitution therefor pursuant to Article III; and

(iii) 2016-17 TRANs referred to in Section 305.

"Participant" shall mean an entity which is recognized as a participant by the Securities Depository in the book-entry system of maintaining records with respect to the 2016-17 TRANs.

"Paying Agent" shall mean the Treasurer, or any other Paying Agent appointed by the Auditor-Controller pursuant to the Resolution to perform the functions of a paying agent for the 2016-17 TRANs described herein.

"Payment Date" shall mean any date on which the Paying Agent transfers an amount equal to the principal of and interest then due on the 2016-17 TRANs to the Holders thereof.

"Permitted Investments" shall mean, to the extent permitted by law:

(i) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America,

(ii) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board; (b) the Federal Home Loan Mortgage Corporation; (c) the Federal National Mortgage Association ("FNMA"); (d) Federal Farm Credit Bank; (e) Government National Mortgage Association); (f) Student Loan Marketing Association; and (g) guaranteed portions of Small Business Administration notes,

(iii) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's, S&P, or Fitch and "P-1," "A-1," "Fl" or better rating for the issuer's short-term debt as provided by Moody's, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with this Certificate,

(iv) The Los Angeles County Treasury Pool,

(v) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with this Certificate. The institution must have a minimum short-term debt rating of "A-1," "P-1," or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's, or Fitch,

(vi) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*) and whose fund has received the highest possible rating from S&P and at least one other Rating Agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with this Certificate,

(vii) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's, or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with this Certificate,

(viii) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (ii) above. The maximum par value per issuer may not exceed $250,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer hereunder may not exceed $500,000,000, and

(ix) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA" or "Aa2" by S&P or Moody's, respectively.

Notwithstanding anything within this definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the 2016-17 TRANs, to the extent Pledged Revenue are invested in Permitted Investments described in paragraphs (iii), (v), (vii) or (ix), such investments must be rated by S&P at the respective S&P ratings described therein.

"Person" shall mean an individual, corporation, firm, limited liability company, association, partnership, trust or other legal entity, including a governmental entity or any agency or political subdivision thereof.

"Pledged Revenue" shall mean, as of any date, the Unrestricted Revenues required hereby to be deposited in the 2016-17 TRANs Repayment Fund on or prior to that date.

"Principal Office" shall mean (i) with respect to the Treasurer, the principal office of the Treasurer in Los Angeles, California, and (ii) with respect to any other Paying Agent, the principal corporate trust office of such Paying Agent.

"Rating Agency" shall mean Moody's, S&P, Fitch or any other nationally recognized securities rating agency designated by the County.

"Representation Letter" shall mean one or more letters of representation from the County to, or other instruments or agreements of the County with, a Securities Depository in which the County, among other things, makes certain representations to such Securities Depository with respect to the 2016-17 TRANs, the payment thereof and delivery of notices with respect thereto.

"Resolution" shall mean the "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2016-17 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000," adopted on _______, 2016, as from time to time amended by any Supplemental Resolution in accordance with the terms hereof.

"S&P" shall mean Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, 55 Water Street, New York, New York 10041, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency (other than Fitch or Moody's) designated by the County.

"Securities Depository" shall mean DTC or any successor as Securities Depository for the 2016-17 TRANs appointed pursuant to Section 202.

"State" shall mean the State of California.

"Supplemental Certificate" shall mean any supplemental financing certificate amending or supplementing this Certificate in accordance with Article VII.

"Supplemental Resolution" shall mean any resolution amending the Resolution, adopted by the County in accordance with Article VII.

"Tax Certificate" shall mean the Tax Certificate, executed by the County on the date of issuance and delivery of the 2016-17 TRANs, as amended from time to time.

"2016-17 TRANs" shall mean all of the County's 2016-17 Tax and Revenue Anticipation Notes, issued in an aggregate principal amount of $_________ and authorized pursuant to the Resolution.

"2016-17 TRANs Proceeds Fund" shall mean the 2016-17 TRANs Proceeds Fund as described in Section 401.

"2016-17 TRANs Repayment Fund" shall mean the 2016-17 TRANs Repayment Fund established in accordance with the Resolution and described in Section 402.

"Treasurer" shall mean the Treasurer and Tax Collector of the County and any other person designated by the Treasurer to act on his behalf.

"Unrestricted Revenues" means the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2016-17 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County.

Section 102. Other Definitional Provisions. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and words of the feminine gender shall be deemed and construed to include correlative words of the masculine and neuter genders. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa. Headings of articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. Unless otherwise indicated, all references herein to "Articles," "Sections" or other subdivisions are to the corresponding Articles, Sections or subdivisions of this Certificate; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Certificate as a whole and not to any particular Article, Section or subdivision hereof.

Section 103. Authority for Delivery of Certificate. This Certificate is executed and delivered pursuant to and in connection with the Resolution.

Section 104. Timing of Actions. Whenever in this Certificate there is designated a time of day at or by which a certain action must be taken, such time shall be local time in New York City, New York, except as otherwise specifically provided herein.

Section 105. Financing Certificate to Constitute Contract. In consideration of the purchase and acceptance of any and all of the 2016-17 TRANs to be issued hereunder by those who shall hold the same from time to time, this Certificate shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the 2016-17 TRANs. The pledge made in this Certificate and the covenants and agreements herein set forth to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the 2016-17 TRANs all of which shall be of equal rank without preference, priority or distinction of any of the 2016-17 TRANs over any other thereof, except as expressly provided in or permitted by this Certificate.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF 2016-17 TRANS

Section 201. Authorization, Form and Date of 2016-17 TRANs.

1. The 2016-17 TRANs in an aggregate principal amount of not to exceed $800,000,000 have been authorized to be issued in one or more series pursuant to the Resolution and are entitled to the benefit, protection and security thereof. The 2016-17 TRANs shall be issued in anticipation of the receipt by or accrual to the County during Fiscal Year 2016-17 of taxes, income, revenue, cash receipts and other moneys provided for such fiscal year for the General Fund of the County. Such notes shall be designated as and shall be distinguished from the notes and securities of all other issues of the County by the title "County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes."

2. As of the date hereof, the County has authorized the issuance of $_________ aggregate principal amount of 2016-17 TRANs hereby designated the "2016-17 Tax and Revenue Anticipation Notes."

3. The 2016-17 TRANs shall be issued in fully registered form, without coupons and in Authorized Denominations; provided that the 2016-17 TRANs shall initially be issued in book-entry only form pursuant to Section 202. The County hereby certifies and recites that all acts, conditions and things required by the Act, the Resolution and this Certificate to exist, to have happened, and to have been performed precedent to and during the issuance of the 2016-17 TRANs do exist, have happened and have been performed in due time, form and manner, as required by the Act, the Resolution and this Certificate. The 2016-17 TRANs shall be in substantially the form attached hereto as Exhibit I, which form is hereby approved and adopted as the form of the 2016-17 TRANs.

4. Except as otherwise provided in a Representation Letter, at and after each Maturity Date of the 2016-17 TRANs, the principal of and interest then due on the 2016-17 TRANs shall be payable in lawful money of the United States of America upon surrender of the 2016-17 TRANs at the Principal Office of the Paying Agent. The 2016-17 TRANs so surrendered to the Paying Agent on any Business Day at or prior to 12:00 noon shall be paid in funds immediately available on such Business Day. The 2016-17 TRANs so surrendered to the Paying Agent on any Business Day after 12:00 noon shall be paid on the next succeeding Business Day in funds immediately available on such succeeding Business Day.

5. The 2016-17 TRANs shall not be subject to redemption prior to their respective Maturity Dates.

Section 202. Book-Entry Notes.

1. Subject to any limitation on maximum principal amount imposed by DTC, the 2016-17 TRANs shall be initially issued in the form of a single, separate fully registered note (which may be typewritten) in the full aggregate principal amount for each maturity of such 2016-17 TRANs, and upon initial issuance, the ownership of such 2016-17 TRANs shall be registered in the Note Register in the name of Cede & Co., as nominee of DTC, the initial

Securities Depository. Except as provided in paragraph 5 of this Section, all of the 2016-17 TRANs shall be registered in the Note Register in the name of Cede & Co., or such other nominee of DTC or any successor Securities Depository or the nominee thereof, as shall be specified pursuant to a Representation Letter.

2. With respect to 2016-17 TRANs registered in the Note Register in the name of the Securities Depository, or its nominee, the County and the Paying Agent shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in any such 2016-17 TRANs. Without limiting the immediately preceding sentence, the County and the Paying Agent shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Securities Depository, the nominee of the Securities Depository or any Participant with respect to any ownership interest in the 2016-17 TRANs, (b) the delivery to any Participant or any other Person, other than a Holder as shown in the Note Register, of any notice with respect to the 2016-17 TRANs or (c) the payment to any Participant or any other Person, other than a Holder as shown in the Note Register, of any amount with respect to principal of or interest on the 2016-17 TRANs. The County may treat and consider the Person in whose name any 2016-17 TRANs is registered in the Note Register as the Holder and absolute owner of such 2016-17 TRANs for the purpose of payment of principal and interest on such 2016-17 TRANs and for all other purposes whatsoever.

3. The Paying Agent shall pay all principal of and interest on the 2016-17 TRANs only to or upon the order of the respective Holders, as shown in the Note Register on the respective Maturity Dates thereof, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the obligations with respect to the payment of principal of and interest on the 2016-17 TRANs under this Certificate and the 2016-17 TRANs to the extent of the sums so paid. Upon delivery by the Securities Depository to the Treasurer of written notice to the effect that the Securities Depository has determined to substitute a new nominee, the word "nominee" in this Certificate shall refer to such new nominee of the Securities Depository.

4. In order to qualify the 2016-17 TRANs for the Securities Depository's book-entry system, the Treasurer has been authorized to execute and deliver, or has executed and delivered, on behalf of the County to the Securities Depository a Blanket Letter of Representations regarding such matters as shall be necessary to so qualify such 2016-17 TRANs for deposit with the Securities Depository. The execution and delivery of the Representation Letter or Representation Letters shall not in any way limit the provisions of paragraph 2 of this Section or in any other way impose upon the County any obligation whatsoever with respect to Persons having interests in the 2016-17 TRANs other than the Holders as shown in the Note Register. In addition to the execution and delivery of the Blanket Letter of Representations, the Treasurer and all other officers of the County, and their authorized representatives, are each hereby authorized to take any other actions as they deem necessary or desirable, not inconsistent with this Certificate, to qualify such 2016-17 TRANs for the Securities Depository's book-entry program.

5. In the event (a) the incumbent Securities Depository determines not to continue to act as Securities Depository for the 2016-17 TRANs or (b) the County determines that the incumbent Securities Depository shall no longer so act, and delivers a written certificate to the incumbent Securities Depository to that effect, then the County will discontinue the book-entry

system for the 2016-17 TRANs with the incumbent Securities Depository. If the County determines to replace the incumbent Securities Depository with another qualified Securities Depository, the County shall prepare or direct the preparation of and execute, and the Paying Agent shall authenticate and deliver, subject to any limitation on maximum principal amount imposed by the successor Securities Depository, a new single, separate fully registered note (which may be typewritten) for the aggregate outstanding principal amount of the 2016-17 TRANs held by the incumbent Securities Depository, registered in the name of such successor or substitute qualified Securities Depository or its nominee, or make such other arrangement acceptable to the County and the successor Securities Depository as are not inconsistent with the terms of this Certificate. If the County fails to identify another qualified successor Securities Depository to replace the incumbent Securities Depository, then the 2016-17 TRANs shall no longer be restricted to being registered in the Note Register in the name of the Securities Depository or its nominee, but shall be registered in whatever name or names the Securities Depository or its nominee shall designate. In such event, the County shall prepare or direct the preparation of and execute, and the Paying Agent shall authenticate and deliver to the Holders thereof, such 2016-17 TRANs as are necessary or desirable to carry out the transfers and exchanges provided in this Section and Section 302. All such 2016-17 TRANs shall be in fully registered form in the denominations authorized upon original issuance pursuant to Section 201.

6. Notwithstanding any other provision of this Certificate to the contrary, so long as any 2016-17 TRANs is registered in the name of the Securities Depository or its nominee, all notices and payments with respect to principal of and interest on such 2016-17 TRANs shall be given and made, respectively, as provided in a Representation Letter or as otherwise instructed by the Securities Depository.

Section 203. Maturity Dates, Principal Amount of and Interest on the 2016-17 TRANs. The 2016-17 TRANs shall be dated ___________, 2016. Interest shall be paid on each Maturity Date of the 2016-17 TRANs. The 2016-17 TRANs shall bear interest from their date of original issuance payable at their respective stated Maturity Dates and calculated at the rate or rates set forth below per annum, on the basis of a 360-day year comprised of twelve months of 30 days each. The 2016-17 TRANs shall mature on the dates and in the principal amounts and bear interest at the respective rates as set forth in the following schedule:

Maturity Date	**Principal Amount**	**Interest Rate**
_________, 2017	$_________	___%

ARTICLE III

GENERAL TERMS AND PROVISIONS OF 2016-17 TRANS

Section 301. Execution of 2016-17 TRANs; Authentication.

1. The 2016-17 TRANs shall be executed in the name of the County by the manual or facsimile signature of the Chair of the Board and the Executive Officer-Clerk of the Board, and the County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon. No 2016-17 TRANs shall be entitled to any benefit under the Resolution or this Certificate or be valid or obligatory for any purpose, unless there appears on

such 2016-17 TRANs, a certificate of authentication substantially in the form provided for herein executed by the manual signature of the Paying Agent. Such certificate upon any 2016-17 TRANs shall be conclusive evidence, and the only evidence, that such 2016-17 TRANs has been duly issued, authenticated and delivered hereunder.

2. In case any one or more of the officers who shall have signed or sealed any of the 2016-17 TRANs shall cease to be such officer before the 2016-17 TRANs so signed and sealed shall have been issued, such 2016-17 TRANs so signed and sealed may nevertheless be issued, as herein provided, as if such persons who signed or sealed such 2016-17 TRANs had not ceased to hold such offices. Any of the 2016-17 TRANs may be signed and sealed on behalf of the County by such persons as at the time of the execution of such 2016-17 TRANs shall be duly authorized to hold or shall hold the proper office in the County, although on the date borne by the 2016-17 TRANs such persons may not have been so authorized or have held such office.

Section 302. Negotiability, Transfer and Exchange.

1. The Note Registrar will keep at its Principal Office sufficient books for the registration of transfer and exchange of the 2016-17 TRANs, which shall at all times be open to inspection by the County, and upon presentation for such purpose the Note Registrar shall, under such reasonable regulations as it may prescribe, register or transfer 2016-17 TRANs on such books as hereinafter provided.

2. Any 2016-17 TRANs may, in accordance with its terms, be registered as transferred or exchanged upon the Note Register by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such 2016-17 TRANs for cancellation at the office of the Note Registrar accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Note Registrar. Whenever any 2016-17 TRANs shall be surrendered for transfer, the County shall execute, and the Paying Agent shall authenticate and deliver new 2016-17 TRANs for a like aggregate principal amount of the same type, with the same provisions, including maturity and interest rate, and in Authorized Denominations. The Note Registrar shall require the payment by the Holder requesting such transfer of all expenses incurred by the Note Registrar and the County in connection with such transfer and any tax or other governmental charge required to be paid with respect to such transfer.

3. The County and the Paying Agent may deem and treat the Holder of any 2016-17 TRANs as the absolute owner of such 2016-17 TRANs, regardless of whether such 2016-17 TRANs shall be overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effective to satisfy and discharge the liability upon such 2016-17 TRANs to the extent of the sum or sums so paid, and neither the County nor any Paying Agent shall be affected by any notice to the contrary. The County agrees, to the extent permitted by law, to indemnify and hold each Paying Agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Certificate, in so treating such Holder.

4. The 2016-17 TRANs shall not be exchangeable for other 2016-17 TRANs except as provided in Section 202, this Section and Section 303.

Section 303. __2016-17 TRANs Mutilated, Destroyed, Stolen or Lost__. In case any 2016-17 TRANs shall become mutilated or be destroyed, stolen or lost, the County shall issue new 2016-17 TRANs of like principal amount, denomination and tenor as the 2016-17 TRANs so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated 2016-17 TRANs, or in lieu of and substitution for the 2016-17 TRANs destroyed, stolen or lost, upon the filing with the Paying Agent and the County of evidence satisfactory to the Paying Agent and the County that such 2016-17 TRANs have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Paying Agent and the County with indemnity satisfactory to the Paying Agent and the County and complying with such other reasonable regulations as the Paying Agent and the County may prescribe and paying such expenses as the Paying Agent and the County may incur. All 2016-17 TRANs so surrendered shall be cancelled. Any such substitute 2016-17 TRANs shall constitute original contractual obligations on the part of the County, whether or not the 2016-17 TRANs alleged to be destroyed, stolen or lost are at any time enforceable by anyone. Such substitute 2016-17 TRANs shall be equally secured by and entitled to equal and proportionate benefits with all other 2016-17 TRANs issued under the Resolution and this Certificate in any moneys or securities held by the County or the Paying Agent for the benefit of the Holders of the 2016-17 TRANs.

Section 304. __Cancellation__. All 2016-17 TRANs which at or after maturity are surrendered to the Paying Agent for the collection of the principal thereof and interest thereon shall be cancelled by the Paying Agent and forthwith destroyed by the Paying Agent. The Paying Agent shall deliver to the County a certificate specifying the cancellation of such 2016-17 TRANs. In all matters provided for in this Section, the County shall act through the Treasurer.

Section 305. __2016-17 TRANs Held by County__. If the County shall become the Holder of any 2016-17 TRANs, such 2016-17 TRANs shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation; provided, however, that the County shall not be deemed to be the Holder of any 2016-17 TRANs held by it in a fiduciary capacity.

ARTICLE IV

ESTABLISHMENT OF 2016-17 TRANS PROCEEDS FUND AND REPAYMENT FUND AND APPLICATION THEREOF

Section 401. __Use of Proceeds of 2016-17 TRANs__.

1. The Auditor-Controller is hereby directed to establish the “2016-17 TRANs Proceeds Fund.” The proceeds of the sale of the 2016-17 TRANs upon original issuance shall be deposited in said 2016-17 TRANs Proceeds Fund. The County shall make disbursements from the 2016-17 TRANs Proceeds Fund to pay current Fiscal Year 2016-17 expenditures and to discharge other obligations or indebtedness of the County in accordance with Section 53852 of the Act and the instructions and agreements set forth in the Tax Certificate. Amounts on hand in the 2016-17 TRANs Proceeds Fund shall be accounted for separately from the other funds of the County and shall be invested so as to be available for the aforementioned disbursements. The

Auditor-Controller shall keep a written record of all investments and investment earnings (including any investment of earnings) of amounts in the 2016-17 TRANs Proceeds Fund, as well as a written record of disbursements from the 2016-17 TRANs Proceeds Fund.

2. Without limiting the generality of paragraph 1 of this Section, the Treasurer and his respective designees are authorized to pay the fees and reasonable expenses incurred in connection with the authorization, sale and issuance of the 2016-17 TRANs out of moneys in the 2016-17 TRANs Proceeds Fund or any account in the General Fund of the County.

Section 402. Payment and Security for the 2016-17 TRANs. Pursuant to the Resolution, the Auditor-Controller is hereby directed to establish the "2016-17 TRANs Repayment Fund" and to establish any subaccounts within the 2016-17 TRANs Repayment Fund if deemed necessary to effectuate the purposes of the Resolution and this Certificate. As provided in the Act, and subject to the provisions of the Resolution and this Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth therein and herein, the County hereby pledges to the payment of the 2016-17 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

(a) [(1) the first $315,000,000 Unrestricted Revenues to be received by the County on and after December 20, 2016, plus (2) an amount equal to the interest that will accrue on the 2016-17 TRANs maturing on _________, 2017;]

(b) [(2) the first $315,000,000 Unrestricted Revenues to be received by the County on and after January 1, 2017, plus (2) an amount equal to the interest that will accrue on the 2016-17 TRANs maturing on _________, 2017; and]

(c) [(1) the first $170,000,000 Unrestricted Revenues to be received by the County on and after April 1, 2017, *plus* (2) an amount equal to the interest that will accrue on the 2016-17 TRANs maturing on _________, 2017.]

As provided in Section 53856 of the Act, the 2016-17 TRANs and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. As security for the payment of the 2016-17 TRANs, the County hereby covenants to deposit or cause to be deposited in the 2016-17 TRANs Repayment Fund, in trust for the registered owners of the 2016-17 TRANs, the Pledged Revenues to be so deposited, and the Auditor-Controller is hereby directed to deposit in the 2016-17 TRANs Repayment Fund the Pledged Revenues. To the extent that any amounts received pursuant to clauses (a) through (c) above are less than the total amount designated for such deposit, then the amount of any deficiency in the 2016-17 TRANs Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is hereby directed to deposit into the 2016-17 TRANs Repayment Fund additional amounts from any such other moneys of the County. The amounts on deposit in the 2016-17 TRANs Repayment Fund are hereby pledged to the payment of the 2016-17 TRANs and the interest thereon, and said amounts shall not be used for any other purpose until the 2016-17 TRANs and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the 2016-17 TRANs Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Pledged Revenues may be invested in Permitted Investments (as defined in the Financing Certificate); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the 2016-17 Notes. Any amounts remaining in the 2016-17 TRANs Repayment Fund after repayment of all 2016-17 TRANs and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of his respective designees may direct.

ARTICLE V

CERTAIN COVENANTS; EVENTS OF DEFAULT AND REMEDIES

Section 501. General Covenants and Representations. The County shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the County under the provisions of the Act, the Resolution and this Certificate.

1. Upon the date of issuance of the 2016-17 TRANs, all conditions, acts and things required of the County by the Act, the Resolution and this Certificate to exist, to have happened and to have been performed precedent to and during the issuance of the 2016-17 TRANs, shall exist, shall have happened and shall have been performed, in due time, form and manner, and the issue of 2016-17 TRANs, together with all other indebtedness of the County, shall be within every applicable debt and other limit prescribed by the laws of the State.

2. The County shall not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2016-17 in an amount which, when added to the interest payable thereon, shall exceed 85% of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said Fiscal Year, such principal and interest may be disregarded in computing said limit.

3. The County shall provide, in a timely manner, notice to each Rating Agency that is then providing a rating for the 2016-17 TRANs of the following events:

(a) the substitution or appointment of a successor Paying Agent; and

(b) any material amendments to the Resolution, this Certificate, the 2016-17 TRANs or the Official Statement.

Section 502. Covenants Relating to the Code. The County shall do the following with respect to the 2016-17 TRANs:

1. The County shall comply with each applicable requirement of the Code necessary to maintain the exclusion of interest on the 2016-17 TRANs from gross income for federal income tax purposes. In furtherance of the foregoing tax covenant, the County agrees to comply with the provisions of the Tax Certificate. The County shall make all calculations as provided in the Tax Certificate relating to any rebate of excess investment earnings on the 2016-17 TRANs

proceeds due to the United States Department of Treasury in a reasonable and prudent fashion and shall segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of Treasury.

2. Notwithstanding any other provisions of this Certificate to the contrary, so long as necessary to maintain the exclusion from gross income of interest on the 2016-17 TRANs for federal income tax purposes, the covenants contained in this Section shall survive the payment of the 2016-17 TRANs and the interest thereon.

3. Notwithstanding any other provision of this Certificate to the contrary, upon the County's failure to observe or refusal to comply with the covenants contained in this Section, the Holders, and any adversely affected former Holders, shall be entitled to the rights and remedies provided to Holders under this Certificate.

Section 503. Events of Default and Remedies. The following shall be Events of Default under the Resolution and this Certificate and the term "Event of Default" whenever used in this Certificate shall mean any one or more of the following:

(a) the County fails to make any payment of the principal of, or interest on, any 2016-17 TRANs when and as the same shall become due and payable;

(b) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, this Certificate or the 2016-17 TRANs and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10% in principal amount of the 2016-17 TRANs Outstanding; or

(c) the County shall file a petition for relief under the federal bankruptcy laws.

Whenever any Event of Default shall have happened and shall be continuing, the Holders, and any adversely affected former Holders, of the 2016-17 TRANs and their legal representatives, shall be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants herein and in the Act. Nothing herein shall preclude an individual Holder from enforcing his or her rights to payment of principal of or interest on the 2016-17 TRANs.

ARTICLE VI

PAYING AGENT

Section 601. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Certificate or of any 2016-17 TRANs or as to the security afforded by the Resolution or this Certificate, and the Paying Agent shall incur no liability in respect thereof.

Section 602. Evidence on Which Paying Agent May Act.

1. In case at any time it shall be necessary or desirable for the Paying Agent to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as Paying Agent, and in any case in which this Certificate provides for permitting or taking any action, it may rely upon any notice, resolution, request, consent, order, waiver, statement, certificate, report, opinion, bond or other paper or document to be furnished to it under the provisions of this Certificate, and any such instrument shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, acting reasonably and in good faith, by reason of the supposed existence of such fact.

2. The Paying Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Certificate, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of this Certificate or at the sole cost and expense of the County with the prior written consent of the County, and when determined necessary in the reasonable discretion of the Paying Agent, as the case may be, upon the written opinion of any attorney (who may be an attorney for the County or an employee of the County) believed by the Paying Agent, to be qualified in relation to the subject matter.

Section 603. Compensation.

1. The County shall pay to the Paying Agent from time to time such compensation as may be agreed upon in writing by the County and the Paying Agent for all services rendered under this Certificate.

2. To the extent permitted by law and approved by the Treasurer, the County may indemnify the Paying Agent and hold it harmless, against any loss, liability or reasonable expense (including the costs and expenses of its counsel and of investigating and defending against any claim of liability) arising out of or in connection with its acting as Paying Agent under this Certificate; *provided, however,* that the Paying Agent shall not be indemnified for or held harmless against any such loss, liability or expense resulting from its negligence, willful misconduct or bad faith. The provision of this paragraph 2 shall remain in full force and effect notwithstanding the resignation or removal of the Paying Agent or the termination of this Certificate.

3. Nothing in this Certificate shall require or obligate the Paying Agent to advance, expend or risk its own funds or otherwise to incur any personal financial liability in the performance or exercise of any of its duties or rights hereunder and the Paying Agent shall be fully justified and protected in taking or refusing to take any action under this Certificate or the 2016-17 TRANs unless it shall first be indemnified against any and all liability and expense which may be incurred by it by reason of such taking or refusing to take any such action (other than any liability or expense resulting from its negligence, willful misconduct or bad faith). Notwithstanding the foregoing, the Paying Agent shall not require indemnification prior to the

making, when due, of any payment required at the respective Maturity Dates of the 2016-17 TRANs.

Section 604. Ownership of the 2016-17 TRANs Permitted. Subject to Section 305, the Paying Agent may become the Holder of any 2016-17 TRANs.

Section 605. Resignation or Removal of Paying Agent and Appointment of Successor. The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Certificate by giving at least 60 days' prior written notice to the County. The Paying Agent may be removed at any time with or without cause by an instrument filed with the Paying Agent and signed by the County. A successor Paying Agent may be appointed by the County and shall be a commercial bank with trust powers or a trust company organized under the laws of any state of the United States or a national banking association, having capital and surplus aggregating at least $100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Certificate. For purposes of this Section, a commercial bank with trust powers or a trust company shall be deemed to have capital and surplus aggregating at least $100,000,000 if it is a wholly-owned subsidiary of a corporation having capital and surplus aggregating at least $100,000,000 and such corporation provides a written guaranty, in form and substance satisfactory to the County, of the performance by the bank or trust company of its obligations as Paying Agent hereunder. Such Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

In the event of the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys held by it to its successor. In no event shall the resignation or removal of the Paying Agent become effective prior to the assumption of the resigning or removed Paying Agent's duties and obligations by a successor Paying Agent.

Section 606. References to Paying Agent. References in this Article VI to a Paying Agent shall be deemed to be references to any Paying Agent other than the Treasurer.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS AND CERTIFICATES

Section 701. Supplemental Resolutions and Certificates Effective Without Consent of Holders. A Supplemental Resolution of the County may be adopted, or a Supplemental Certificate may be executed, for any one or more of the following purposes, which, without the requirement of consent of Holders, shall be fully effective in accordance with its terms:

(a) to add to the covenants and agreements of the County in the Resolution or this Certificate, as the case may be, other covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or this Certificate as theretofore in effect;

(b) to add to the limitations and restrictions in the Resolution or this Certificate as the case may be, other limitations and restrictions to be observed by the County that are not contrary to or inconsistent with the Resolution or this Certificate as theretofore in effect;

(c) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution or this Certificate, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution or this Certificate;

(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or this Certificate, as the case may be, as theretofore in effect;

(e) to supplement or amend the Resolution or this Certificate, as the case may be, in any other respect as required to maintain a rating for the 2016-17 TRANs, or any portion thereof, from any Rating Agency; *provided*, that the County first obtains an Opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Certificate does not adversely affect the interests of the Holders; and

(f) to supplement or amend the Resolution or this Certificate, as the case may be, in any other respect; *provided*, that the County first obtains an Opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Certificate does not adversely affect the interests of the Holders.

Section 702. Supplemental Certificate. Except as provided in Section 701, any amendment of or supplement to this Certificate and of the rights and obligations of the County and of the Holders of the 2016-17 TRANs under this Certificate, in any particular, may be made by a Supplemental Certificate and with the written consent of the Holders of at least a majority in principal amount of the 2016-17 TRANs Outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any 2016-17 TRANs remain Outstanding, the consent of the Holders shall not be required. No such supplement or amendment shall permit a change in the terms of maturity of the principal of any 2016-17 TRANs or of the then applicable interest rate thereon or a reduction in the principal amount thereof, or shall change the dates or amounts of the pledges set forth in Section 402, or shall reduce the percentage of Holders required to approve any such Supplemental Certificate, without the consent of all of the Holders of affected 2016-17 TRANs nor shall any such supplement or amendment change or modify any of the rights or obligations of any Paying Agent, if applicable, without its written consent thereto. The County shall provide the Rating Agencies notice of any Supplemental Certificate or Supplemental Resolution.

ARTICLE VIII

MISCELLANEOUS

Section 801. Moneys Held in Trust for One Year. Anything in this Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the

2016-17 TRANs that remain unclaimed for a period of one year after the date when such 2016-17 TRANs have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such 2016-17 TRANs became due and payable, shall be repaid to the County, as its absolute property and free from trust, and the Holders shall thereafter look only to the County for the payment of such 2016-17 TRANs from lawfully available funds; provided, however, that before any such payment is made to the County, the County shall create (and shall thereafter maintain until payment of all of the 2016-17 TRANs) a record of the amount so repaid, and the County shall cause to be published at least twice, at any interval of not less than seven days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

IN WITNESS WHEREOF, I have set my hand onto this Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2016-17 Tax and Revenue Anticipation Notes on this ___ day of ___, 2016.

COUNTY OF LOS ANGELES, CALIFORNIA

By: ______________________________

JOSEPH KELLY
Treasurer and Tax Collector

[Signature Page to Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2016-17 Tax and Revenue Anticipation Notes]

EXHIBIT I

[FORM OF 2016-17 TRANS]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
2016-17 TAX AND REVENUE ANTICIPATION NOTE

Interest Rate	Dated Date	Maturity Date	CUSIP Number
____%	______, 2016	______, 2017	__________

Registered Owner: Cede & Co.

Principal Amount: ________________ DOLLARS

The County of Los Angeles, a political subdivision of the State of California (herein called the **"County"**), acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner hereof, or registered assigns, on the Maturity Date specified above, upon presentation and surrender of this note at the Principal Office of the Treasurer and Tax Collector of the County, as Paying Agent (the **"Paying Agent"**), or at the Principal Office of any successor Paying Agent, in lawful money of the United States of America, the Principal Amount specified above, together with interest thereon from the Dated Date specified above at the Interest Rate per annum specified above. Interest on this Note shall accrue from the Dated Date set forth above and shall be computed on the basis of a 360-day year comprised of 12 months of 30 days each payable at maturity.

This Note is one of a duly authorized issue of notes of the County designated as its "County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes" (herein called the **"Notes"**), issued in an aggregate principal amount of $_________ under and in full compliance with the Constitution and statutes of the State of California, particularly Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code being Sections 53850 to 53858, inclusive, as amended (the **"Act"**) and under and pursuant to the resolution of the Board of Supervisors of the County, adopted _____, 2016, entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2016-17 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $[800,000,000" (such resolution, as the same may be amended or supplemented from time to time, is herein called the "Resolution"), and is issued on the terms and conditions set forth in the Financing Certificate, dated ______, 2016, entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes (such Certificate, as the same may be amended or supplemented from time to time, is herein called the "Certificate"). Capitalized terms used and not otherwise defined shall have the meanings given such terms in the Certificate. Copies of the Resolution and the Certificate are on file at the office of the Executive Officer-Clerk of the Board of Supervisors, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof, to the Certificate and any and all supplements thereto and modifications and amendments thereof, and to the Act is made for a complete statement of such terms and conditions.

Subject to the provisions of the Resolution and the Financing Certificate permitting the application thereof for the purposes and on the terms and conditions set forth therein, the Notes and the interest thereon are secured by a pledge by the County of certain taxes, income, revenue, cash receipts and other moneys of the County attributable solely to the County's Fiscal Year 2016-17. In accordance with California law, the Notes are payable solely from taxes, income, revenue, cash receipts and other moneys of the County attributable to Fiscal Year 2016-17, and, to the extent not paid from taxes, income, revenue, cash receipts and other moneys of the County pledged for the repayment thereof, shall be paid with the interest thereon from other moneys of the County lawfully available therefor.

This Note is transferable, as provided in the Certificate, only upon a register to be kept for that purpose at the office of the Note Registrar by the Registered Owner hereof in person or by such owner's duly authorized attorney, upon surrender of this Note together with a written instrument of transfer satisfactory to the Note Registrar duly executed by the Registered Owner or such owner's duly authorized attorney, and thereupon a new fully registered note or notes of the same series, maturity and aggregate Principal Amount will be issued to the transferee in exchange therefor as provided in the Certificate upon payment of the charges therein prescribed. The County and the Note Registrar shall treat the person in whose name this Note is registered as the absolute owner hereof for all purposes whether or not this Note shall be overdue, and the County and the Note Registrar shall not be affected by any notice to the contrary.

The Notes may not be exchanged for other Notes except as provided in the Certificate.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution and the Certificate, or any supplemental resolution amending the Resolution and the Certificate, may be amended by the County; provided, however, that no such amendment shall permit a change in the terms of maturity, the principal of any Note or of the then prevailing interest thereon or a reduction in the principal amount thereof without the consent of the owners of such Notes or shall reduce the percentage of Notes the consent of the owners of which is required to effect any such amendment or change the dates or amounts of the pledges set forth in the Resolution.

It is hereby certified and recited that all conditions, acts and things required by the Act, the Resolution and the Certificate to exist, to have happened and to have been performed precedent to and during the issuance of the Notes, do exist, have happened and have been performed, in due time, form and manner, as required by the Act, the Resolution and the Certificate, and that the Notes, together with all other indebtedness of the County, are within every debt and other limit prescribed by the laws of the State of California.

Unless this Note is presented by an authorized representative of The Depository Trust Company to the Note Registrar for registration of transfer or exchange or to the Paying Agent for payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, THE COUNTY OF LOS ANGELES has caused this Note to be signed in its name and on its behalf by the manual or facsimile signature of the Chair of the Board of Supervisors of the County and the Executive Officer-Clerk of the Board of Supervisors and its seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced, as of the Dated Date set forth above.

(SEAL)

COUNTY OF LOS ANGELES

By: ______________________________

HILDA L. SOLIS
Chair

By: ______________________________

LORI GLASGOW
Executive Officer-Clerk of
the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes delivered pursuant to the within-mentioned Resolution.

DATED: ________, 2016

TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES,
as Paying Agent

By: ______________________________

JOSEPH KELLY
Treasurer and Tax Collector

[FORM OF ASSIGNMENT]

For value received ______________________________ hereby sell(s), assign(s) and transfer(s) unto __________________________ the within Note and hereby irrevocably constitute(s) and appoint(s) __________________________ attorney, to transfer the same on the Note Register of the Paying Agent, with full power of substitution in the premises.

Dated: _____________________

Signature of Registered Owners: ___

Signature Guaranteed by: ___

Note: The signature on this Assignment must correspond with the name as written on the face of the within note in every particular, without alteration or enlargement or any change whatsoever and must be guaranteed by a commercial bank, trust company, or a member firm of the New York Stock Exchange.

$[Par Amount]
COUNTY OF LOS ANGELES
2016-17 TAX AND REVENUE ANTICIPATION NOTES

CONTRACT OF PURCHASE

[Pricing Date]

Board of Supervisors
County of Los Angeles
Los Angeles, California

Honorable Members of the Board of Supervisors:

The undersigned, Wells Fargo Securities (the "Representative"), on behalf of itself and the underwriters appointed by the County of Los Angeles (the "County") and listed on Appendix I hereto (the Representative and such other underwriters being collectively referred to herein as the "Underwriters"), offers to enter into this Contract of Purchase (the "Contract of Purchase") with the County which, upon the County's written acceptance of this offer, will be binding upon the County and upon the Underwriters. This offer is made subject to the County's written acceptance hereof on or before 5:00 p.m., Los Angeles time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the County at any time prior to the acceptance hereof by the County.

SECTION 1. <u>Purchase and Sale of the Notes</u>. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters agree to purchase from the County, and the County agrees to sell and deliver to the Underwriters, all, but not less than all, of the County's $[Par Amount] in aggregate principal amount of 2016-17 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May __, 2016, and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000" (the "Resolution") and subject to the terms and conditions set forth in the Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes" (the "Certificate"). The Notes shall be dated July 1, 2016, and shall mature on the dates and shall bear interest at the rates specified in Exhibit E hereto.

The purchase price for the Notes shall be $[Purchase Price] (representing the principal amount of the Notes of $[Par Amount].00, plus original issue premium of $[OIP], less Underwriters' discount of $[UW Discount]).

The Preliminary Official Statement of the County, dated [POS Date], including the cover page and Appendices thereto, relating to the Notes (together with any documents incorporated therein by reference and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, the "Preliminary Official Statement"), as amended to conform to the terms of this Contract of Purchase and exclusive of such changes and amendments subsequent to the date hereof as may be mutually agreed to in accordance with Section 4(b)(iii) hereof is hereinafter called the "Official Statement."

In connection with the issuance of the Notes, the County is also executing a Disclosure Certificate, dated July 1, 2016 (the "Disclosure Certificate").

SECTION 2. The Notes and the Official Statement.

(a) The Notes shall be as described in the Certificate and shall be issued and secured under and pursuant to the provisions of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the Government Code of the State of California (the "Act") and the Resolution.

(b) On or prior to the date of mailing or electronic distribution of the Preliminary Official Statement by the Underwriters, the County shall have delivered to the Representative a certificate pursuant to which the Treasurer or his authorized representative certifies on behalf of the County that such Preliminary Official Statement is deemed final by the County as of the date thereof, except for the omission of such information which is permitted to be excluded by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12").

(c) Unless otherwise notified in writing by the Representative, the "end of the underwriting period" for purposes of Rule 15c2-12 shall be the date of Closing (as hereinafter defined).

SECTION 3. Sale to Underwriters; Certain Agreements of the Underwriters.

(a) It shall be a condition to the County's obligations to sell and deliver the Notes to the Underwriters and to the Underwriters' obligations to purchase, to accept delivery of and to pay for the Notes that the entire aggregate principal amount of the Notes shall be issued, sold and delivered by the County and purchased, accepted and paid for by the Underwriters at the Closing. The Underwriters agree to make a bona fide public offering of all the Notes at prices not in excess of the initial offering prices or yields set forth on the cover page of the Official Statement, plus interest accrued thereon (if any) from the date of the Notes. Subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as they deem necessary in connection with the marketing of the Notes.

(b) The Underwriters agree as follows:

(i) To file, on or before the date of Closing, a copy of the Official Statement, including any supplements thereto, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system; and

(ii) to take any and all other actions necessary to comply with rules of the U.S. Securities and Exchange Commission and Municipal Securities Rulemaking Board which are applicable to the Underwriters governing the offering, sale and delivery of the Notes to the ultimate purchasers.

SECTION 4. Use of Documents; Certain Covenants and Agreements of the County.

(a) The County authorizes the use by the Underwriters of the Resolution, the Certificate and the Official Statement, including any supplements or amendments thereto, and the information therein contained in connection with the public offering and sale of the Notes. The

County ratifies and confirms the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Notes;

(b) The County covenants and agrees:

(i) To cause to be made available to the Underwriters such quantities of the Official Statement (in a "designated electronic format" (as defined in MSRB Rule G-32)) as the Underwriters may request for use in connection with the offering and sale of the Notes, without charge, within seven (7) business days of the date hereof and, in the event the date of Closing is less than seven (7) business days after the date hereof, upon request of the Representative, in sufficient time to accompany any confirmation requesting payment from any customers of any Underwriter and not later than three (3) business days prior to Closing; provided, however, that in the event that the date of Closing is less than seven (7) business days after the date hereof the failure of the County to comply with this clause (i) due to any circumstance outside of the control of the County shall not constitute cause for a failure of or refusal by the Underwriters to accept delivery of, or pay for, the Notes;

(ii) To apply the proceeds from the sale of the Notes as provided in the Resolution and the Certificate, subject to all of the terms and provisions of the Resolution and the Certificate, and not knowingly to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Notes, in that the County agrees to comply with the provisions of the Tax Certificate executed by the County at the time of delivery of the Notes;

(iii) If, after the date of this Contract of Purchase and until the earlier of (A) twenty-five (25) days after the "end of the underwriting period" (as defined in Rule l5c2-12) or (B) ninety (90) days after the Closing, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in the opinion of the County or the Representative so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with applicable law, to notify the Representative (and for the purposes of this clause (iii) to provide the Underwriters with such information as they may from time to time request), and to forthwith prepare and furnish, at its own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Official Statement as so amended and supplemented is delivered to a purchaser, not misleading or so that the Official Statement as so amended and supplemented will comply with all applicable laws;

(iv) To furnish such information and execute such instruments and take such action in cooperation with the Representative as the Representative may reasonably request (A) to (a) qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (b) determine the eligibility of the Notes for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Notes; provided, however, that the County will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state;

(v) To advise the Representative immediately of receipt by the County of any notification with respect to the suspension of the qualification of the Notes for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose; and

(vi) To furnish to the Representative, from time to time, any additional information as the Representative may reasonably request.

SECTION 5. <u>Representations and Warranties of the County</u>. The County represents and warrants to each of the Underwriters, as of the date hereof, as follows:

(a) The County is a political subdivision duly created and validly existing under the Constitution and the laws of the State of California (the "State"), and has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority (i) to enter into this Contract of Purchase, to execute the Certificate and to adopt the Resolution, (ii) to sell, issue and deliver the Notes to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by this Contract of Purchase, the Resolution, the Certificate and the Official Statement; and the County has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Resolution as they pertain to such transactions;

(b) By all necessary official action of the County prior to or concurrently with the acceptance hereof, the County has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the Notes, this Contract of Purchase, the Resolution, the Certificate and the consummation by it of all other transactions contemplated by the Official Statement, the Resolution, the Certificate and this Contract of Purchase; the Resolution, the Certificate and this Contract of Purchase, assuming due authorization, execution and delivery by the Representative, constitute legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights and the application of general principles of equity if equitable remedies are sought; the Notes, when issued, authenticated and delivered to the Underwriters in accordance with the Resolution, the Certificate and this Contract of Purchase will constitute legal, valid and binding general obligations of the County entitled to the benefits of, and payable from sources specified in, the Resolution and the Certificate and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights and the application of the general principles of equity if equitable remedies are sought; upon the issuance, authentication and delivery of the Notes, the Resolution will provide, for the benefit of the registered owners from time to time of the Notes, the legal, valid and binding pledge of and lien on the Pledged Moneys (as defined in the Certificate) it purports to create, subject only to the provisions of the Resolution and the Certificate permitting the application thereof on the terms and conditions set forth in the Resolution and the Certificate;

(c) To the best knowledge of the County, the County is not in material breach of or default under any loan agreement, indenture, bond or note, or other instrument evidencing any indebtedness or other material financial obligation of the County to which the County is a party, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the County under any such instrument; and the execution and delivery of the Notes, the Certificate and this Contract of Purchase and the adoption of the Resolution and compliance with the provisions on the County's part contained therein, will not in any material respect conflict with or constitute a breach or default under any State constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, ordinance, resolution, agreement or other instrument to which the County is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County or under the terms of any such law, regulation or instrument, except as provided by the Notes, the Certificates and the Resolution;

(d) All authorizations, approvals, licenses, permits, consents and orders of any State governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of its obligations under, this Contract of Purchase, the Resolution, the Certificate and the Notes have been duly obtained, except for such approvals, consents and orders as are stated in the Official Statement as yet to be obtained or as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Notes;

(e) The Notes conform to the description thereof contained in the Official Statement under the caption "THE NOTES," the Resolution and the Certificate conform to the descriptions thereof contained in the Official Statement under the caption "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE" and the proceeds of the sale of the Notes will be applied generally as described in the Official Statement under the caption "THE NOTES - Purpose of Issue";

(f) To the best knowledge of the County, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed, or threatened against the County, affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Notes or the pledge of and lien on the Pledged Moneys of the County pursuant to the Resolution or in any way contesting or affecting the validity or enforceability of the Notes, the Resolution, this Contract of Purchase and the Certificate, or contesting the exclusion from gross income of interest on the Notes for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereof, or contesting the powers of the County or any authority for the issuance of the Notes, the adoption of the Resolution or the execution and delivery of this Contract of Purchase and the Certificate, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Notes, the Resolution, the Certificate or this Contract of Purchase;

(g) As of the date thereof, the Preliminary Official Statement (excluding any information relating to The Depository Trust Company, New York, New York ("DTC") and information under the caption "UNDERWRITING") did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) At the time of the County's acceptance hereof and (unless an event occurs of the nature described in clause (iii) of Section 4(b) above) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the "end of the underwriting period" or (B) ninety (90) days after the Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If the Official Statement is supplemented or amended pursuant to clause (iii) of Section 4(b) above, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the earlier of (A) twenty-five (25) days subsequent to the "end of the underwriting period" or (B) ninety (90) days after the Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) The financial statements of, and other financial information regarding, the County in the Official Statement fairly present the financial position and results of the operations of the County as of the dates and for the periods therein set forth and (i) except as noted under the heading "Notes to the Basic Financial Statements" in Appendix B to the Official Statement, the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information with respect to the County has been determined on the basis substantially consistent with that of the County's audited financial statements included in the Official Statement; and

(k) The County has not failed to comply in the last five years, in any material respect, with any continuing disclosure undertaking entered into pursuant to Rule 15c2-12.

SECTION 6. Closing.

(a) At 8:00 a.m., Los Angeles time, on July 1, 2016, or at such other time and date as shall have been mutually agreed upon by the County and the Representative, the County will, subject to the terms and conditions hereof, deliver the Notes to the Representative duly executed and authenticated, together with the other documents hereinafter mentioned, and the Representative will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Notes as set forth in Section 1 hereof by Federal Reserve wire of immediately available funds payable to the order of the County. Such delivery of and payment for the Notes is referred to herein as the "Closing."

(b) Delivery of the Notes shall be made at, or, in accordance with the operating procedures thereof, through, DTC. The Notes shall be delivered in fully registered form, without coupons, bearing CUSIP number(s) and registered in the name of Cede & Co. and shall be made available to the Representative at least one (1) business day before the Closing for purposes of inspection. Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Note nor any error with respect thereto shall constitute cause for failure or refusal by the Underwriters to accept delivery of and pay for the Notes on the date of Closing in accordance with the terms of this Contract of Purchase.

SECTION 7. Closing Conditions. The Representative has entered into this Contract of Purchase on behalf of itself and the other Underwriters in reliance upon the representations, warranties and agreements of the County contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Notes shall be conditioned upon the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the County contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) At the time of the Closing, the Resolution and the Certificate shall be in full force and effect and shall not have been amended, modified or supplemented; and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative in accordance with Section 4(b)(iii) hereof;

(c) At the time of the Closing, all official action of the County relating to this Contract of Purchase, the Resolution, the Certificate and the Notes, shall be in full force and effect and shall not have been amended, modified or supplemented, and the Representative shall have received, in appropriate form, evidence thereof;

(d) At the time of the Closing, there shall not have occurred any material change to the condition, financial or otherwise, or in the earnings or operations of the County, nor shall the Board of Supervisors or the Legislature of the State of California have taken official action that would prospectively result in a change in the condition, financial or otherwise, or in the earnings or operations of the County from that set forth in the Official Statement that shall have a material and adverse effect and that makes it, in the reasonable judgment of the Representative, impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement; and

(e) At or prior to the Closing, the Representative shall have received copies of each of the following documents:

(i) The Official Statement, and each supplement or amendment, if any, thereto;

(ii) A certified copy of the Resolution and an original of the Certificate, each having been duly adopted by the Board of Supervisors or executed by the County and as being in full force and effect, with such supplements or amendments as may have been agreed to by the Representative acting in good faith;

(iii) An approving opinion, dated the date of Closing, of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, addressed to the County and on which the Underwriters may rely, substantially in the form attached to the Official Statement as Appendix C;

(iv) A supplemental opinion of Bond Counsel, addressed to the County and the Representative, dated the date of Closing, in substantially the form of Exhibit B hereto;

(v) An opinion, dated the date of Closing, of County Counsel, as counsel to the County and addressed to the Representative, in substantially the form of Exhibit C hereto;

(vi) An opinion, dated the date of Closing, of Hawkins Delafield & Wood LLP, counsel for the Underwriters, addressed to the Representative, in substantially the form of Exhibit D hereto;

(vii) Evidence satisfactory to the Underwriters that the Notes shall have been rated not less than "___" by Moody's Investors Service, "___" by Standard & Poor's, a Standard & Poor's Ratings Service, and "___" by Fitch Ratings, and that none of such ratings has been revoked, suspended or downgraded;

(viii) A Tax Exemption Certificate of the County, in form satisfactory to Bond Counsel, signed by an authorized officer or designee of the County;

(ix) A certificate of the County in substantially the form of Exhibit A hereto;

(x) Evidence that the federal tax information return Form 8038-G has been prepared;

(xi) Evidence of required filings with the California Debt and Investment Advisory Commission;

(xii) Executed copies of the Disclosure Certificate;

(xiii) a preliminary Blue Sky Survey and final Blue Sky Memorandum with respect to the Notes; and

(xiv) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel, the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the County's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the County on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the County.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract of Purchase shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes contained in this Contract of Purchase, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and neither the Underwriters nor the County shall be under any further obligation hereunder, except that the respective obligations of the County and the Underwriters set forth in Section 9 hereof shall continue in full force and effect.

SECTION 8. Termination. The Representative shall have the right to terminate in its reasonable judgment the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Notes by notifying the County of its election to do so if, after the execution hereof and prior to the Closing, any one of the following shall occur:

(a) legislation shall be enacted by the Congress of the United States or favorably reported out for passage to either House of Congress by any committee of such House, or passed by either House of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on or evidenced by obligations of the general character of the Notes, which, in the opinion of Bond Counsel has, or will have, the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation, except to the extent such interest is intended to be includable in such gross income as of the date hereof;

(b) any action shall have been taken by the U.S. Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of the Financing Certificate under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Notes, or any action shall have been taken by any court or by any government authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority;

(c) (i) the Constitution of the State shall be amended or an amendment shall qualify for the ballot, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of State law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State by an official, agency or department thereof, affecting the tax status of the County, its property or income, its notes or bonds (including the Notes) or the interest thereon, which in the reasonable judgment of the Representative would make it impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement;

(d) (i) trading of any securities representing direct obligations of the County shall have been suspended on any exchange or in any over-the-counter market, or (ii) a general banking moratorium by Federal, New York or California authorities or a general suspension of trading on any national securities exchange shall have been declared or a material disruption in commercial banking or securities settlement or clearances services affecting the Notes shall have occurred, or (iii) a national emergency or war or other crisis shall have been declared by the United States or there shall have occurred any outbreak or escalation of major military hostilities by the United States or any calamity relating to the effective operation of the government or the financial community in the United States which, in the case of any of the events specified in clauses (i) through (iii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the Notes on the terms and in the manner contemplated by the Official Statement, including any supplements or amendments thereto;

(e) there shall have occurred any downgrading, or any notice shall have been given of any downgrading, in the rating accorded the Notes by any of Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Service ("S&P") or Fitch Ratings ("Fitch"); or

(f) the New York Stock Exchange or other national securities exchange, or any governmental authority shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in the Notes; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, which, in the case any of the events specified in clauses (i) or (ii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement, including any supplements or amendments thereto; or

(g) the purchase of and payment for the Notes by the Underwriters, or the resale of the Notes by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(h) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriters or pertaining to DTC) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the County refuses a reasonable request to supplement the Official Statement to supply such statement or information or the effect of the amendment to the Official Statement is to materially and adversely affect the market price or marketability of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes.

SECTION 9. <u>Expenses</u>.

(a) The Underwriters shall be under no obligation to pay, and the County shall pay, any expenses incident to the performance of the County's obligations hereunder, including, but not limited to (i) the cost of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement; (ii) the cost of preparation and printing of the Notes; (iii) the fees and disbursements of Bond Counsel; (iv) the fees and disbursements of any other experts, consultants or advisers retained by the County; and (v) the fees, if any, for ratings.

(b) The Underwriters shall pay (i) the fees and disbursements of counsel retained by the Representative, including such costs related to the preparation and printing of this Contract of Purchase and the reasonable cost of preparation and printing or duplication of any Blue Sky Survey relating to the Notes; (ii) fees of the California Debt and Investment Advisory Commission; (iii) costs related to on-line securities platforms, CUSIP subscription and DTC fees; and (iv) out-of-pocket and miscellaneous costs of the Representative. The Underwriters shall pay (1) all advertising expenses in connection with the public offering of the Notes; (2) all expenses incurred in qualifying the Notes for sale under state securities laws; and (3) all other expenses incurred by them in connection with the public offering of the Notes. Certain expenses of the Underwriters may be included in the expense component of the Underwriters' discount.

(c) Even if this Contract of Purchase shall be terminated by the Underwriters because of any failure or refusal on the part of the County to comply with the terms or to fulfill any of the conditions of this Contract of Purchase, or if for any reason the County shall be unable to perform its obligations under this Contract of Purchase, the County will not reimburse the Underwriters for expenses incurred in connection with the authorization and marketing of the Notes.

SECTION 10. Notices. Any notice or other communication to be given to the County under this Contract of Purchase may be given by delivering the same in writing to County of Los Angeles, Office of the Treasurer and Tax Collector, 500 West Temple Street, Room 432, Los Angeles, California 90012, Attention: Treasurer and Tax Collector, and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to Wells Fargo Securities, 333 South Grand Ave, 5th Floor, Los Angeles, California 90071, Attention: David Johnson.

SECTION 11. Parties in Interest. This Contract of Purchase shall constitute the entire agreement between the County and the Underwriters and is made solely for the benefit of the County and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. Any remedy which the Underwriters may have at law or in equity by reason of the breach of any representation or warranty of the County made herein shall not expire upon, nor be limited by, (i) delivery of and payment for the Notes pursuant to this Contract of Purchase, (ii) any investigations made by or on behalf of any of the Underwriters or (iii) termination of this Contract of Purchase; provided, however, that such representations and warranties are made only as of the date of this Contract of Purchase and as of the date of the Closing and are not continuing.

SECTION 12. Effectiveness. This Contract of Purchase shall become effective upon the acceptance hereof by the County and shall be valid and enforceable at the time of such acceptance.

SECTION 13. Choice of Law. This Contract of Purchase shall be governed by and construed in accordance with the law of the State of California applicable to contracts made and performed in such State.

SECTION 14. Fiduciary Duty. The County acknowledges and agrees that the purchase and sale of the Notes pursuant to this Contract of Purchase is an arm's-length commercial transaction between the County and the Underwriters and the Underwriters are acting solely as underwriters and principals in connection with the matters contemplated by and all communications under this Contract of Purchase, and are not acting as the agents, fiduciaries, financial advisors or Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) of the County and its advisors in connection with the matters contemplated by this Contract of Purchase. In connection with the purchase and sale of the Notes, the County has consulted its own advisors to the extent it deems appropriate.

SECTION 15. Entire Agreement. This Contract of Purchase, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Contract of Purchase) that relate to the offering of the Notes, represents the entire agreement between the County and the Underwriters with respect to the preparation of the Official Statement, and the conduct of the offering, and the purchase and sale of the Notes.

SECTION 16. Representative Capacity. Any authority, right, discretion or other power conferred upon the Underwriters or the Representative under any provision of this Contract of Purchase may be exercised by the Representative on behalf of the Underwriters, and the County shall be entitled to rely upon any request, notice or statement if the same shall have been given or made by the Representative. The Representative represents that it has been duly authorized by the

Underwriters to execute this Contract of Purchase and to act hereunder on their behalf and to take such action as it may deem advisable in respect of all matters pertaining to this Contract of Purchase.

SECTION 17. <u>Severability</u>. If any provision of this Contract of Purchase shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract of Purchase invalid, inoperative or unenforceable to any extent whatever.

SECTION 18. <u>Business Day</u>. For purposes of this Contract of Purchase, "business day" means a day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in Los Angeles, California or New York, New York are authorized or required by law or executive order to close or (iii) a day on which the New York Stock Exchange is closed.

SECTION 19. <u>Section Headings</u>. Section headings have been inserted in this Contract of Purchase as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract of Purchase and will not be used in the interpretation of any provisions of this Contract of Purchase.

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SECTION 20. __Counterparts__. This Contract of Purchase may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

Very truly yours,

WELLS FARGO SECURITIES
on behalf of itself and the other Underwriters
set forth on Appendix I hereof

By: ____
Authorized Representative

AGREED AND ACCEPTED:

This _____ day of June, 2016

COUNTY OF LOS ANGELES

By:_____________________________________
Joseph Kelly
Treasurer and Tax Collector

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By: ____________________________________
Principal Deputy County Counsel

APPENDIX I

UNDERWRITERS

Wells Fargo Securities
J.P. Morgan Securities LLC
[Co-Managers]

EXHIBIT A

FORM OF CERTIFICATE OF THE COUNTY

I, Joseph Kelly, Treasurer and Tax Collector of the County of Los Angeles, California (the "County"), do hereby certify as follows:

(i) I am a duly qualified and acting representative of the County and as such am familiar with the facts herein certified and am authorized and qualified to certify the same;

(ii) I am acting on behalf of the County solely in my official capacity, and not in any personal capacity whatsoever;

(iii) All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Contract of Purchase relating to the Notes, dated [Pricing Date] (the "Contract of Purchase"), by and between the County and Wells Fargo Securities, as Representative of the Underwriters named therein;

(iv) To the best of my knowledge, the County's Official Statement dated [Pricing Date] (together with all appendices thereto, any documents incorporated therein by reference, and as disseminated in its printed physical form or in electronic form materially consistent with such physical form, but excluding any information relating to The Depository Trust Company, New York, New York and information under the caption "UNDERWRITING", the "Official Statement"), delivered pursuant to the Contract of Purchase, as of its date and as of the date hereof does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) The Notes, together with interest thereon, will be payable from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrued to the County during Fiscal Year 2016-17 that will be available for the payment of the Notes. Pursuant to the Resolution adopted by the Board of Supervisors of the County on May __, 2016 (the "Resolution") authorizing the issuance and sale of the Notes, the County has pledged as security for the Notes unrestricted taxes, income, revenue, cash receipts and other moneys totaling the aggregate principal amount of the Notes, together with an amount sufficient to pay the interest thereon, subject only to the provisions of the Resolution and the "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes" (the "Certificate"). The amount of taxes, income, revenue, cash receipts and other moneys so pledged to secure the payment of the Notes is specified in the Resolution. Pursuant to the Act, the Resolution creates a valid pledge of and lien on the taxes, income, revenue, cash receipts and other moneys specified therein to pay the Notes and the interest thereon. The Notes are by statute general obligations of the County and, to the extent not paid from the Pledged Moneys (as defined in the Certificate), shall be paid from any other moneys of the County attributable to Fiscal Year 2016-17 and lawfully available therefor;

(vi) The County has complied in all respects with the Act and has complied with and satisfied all the agreements and conditions on its part to be complied with or satisfied at or prior to the date of Closing pursuant to the Contract of Purchase, the Certificate and the Resolution; and

(vii) To the best of my knowledge, since the date of the Official Statement, there has been no material adverse change in the condition, financial or otherwise, of the County.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of July, 2016.

COUNTY OF LOS ANGELES

By:____
Joseph Kelly
Treasurer and Tax Collector

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

July 1, 2016

Wells Fargo Securities,
as Representative of the Underwriters
Los Angeles, California

County of Los Angeles
<u>2016-17 Tax and Revenue Anticipation Notes</u>
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, pursuant to Section 7(e)(iv) of the Contract of Purchase, dated June __, 2016 (the "Purchase Contract"), by and between Wells Fargo Securities (the "Representative"), on behalf of itself and J.P. Morgan Securities LLC, ______ and ________ (collectively, the "Underwriters") and the County of Los Angeles (the "County"), providing for the purchase of $__________ aggregate principal amount of the County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on May __, 2016 (the "Resolution") and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes, dated July 1, 2016, executed by the County (the "Financing Certificate"). Capitalized undefined terms used herein have the meanings ascribed thereto in the Financing Certificate.

We have delivered our final legal opinion (the "Bond Opinion") as bond counsel to the County concerning the validity of the Notes and certain other matters, dated the date hereof and addressed to the County. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the County, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate, the Purchase Contract, an opinion of County Counsel of the County, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the

Purchase Contract and its enforceability, may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained therein. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Official Statement, dated June __, 2016, relating to the Notes (the "Official Statement"), or other offering material relating to the Notes and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution and the Financing Certificate are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and constitutes a valid and binding agreement of, the County.

3. The statements contained in the Official Statement under the captions "THE NOTES," "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE" and "TAX MATTERS," excluding any material that may be treated as included under such captions by cross reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Notes, the Resolution and the Financing Certificate, and the form and content of the Bond Opinion, are accurate in all material respects.

This letter is furnished by us as bond counsel to the County. No attorney-client relationship has existed or exists between our firm and you in connection with the Notes or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as underwriters of the Notes, is solely for your benefit as such underwriters and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Notes or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE COUNTY

July 1, 2016

Wells Fargo Securities
as Representative of the Underwriters
Los Angeles, California

Re: $[Par Amount] County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

This opinion is rendered by us as counsel to the County of Los Angeles (the "County") in accordance with the requirements of Section 7(e)(v) of the Contract of Purchase dated [Pricing Date] (the "Contract of Purchase"), by and between the County and Wells Fargo Securities, on behalf of itself and as representative of the underwriters set forth in the Contract of Purchase (together, the "Underwriters") relating to the Notes, with respect to $[Par Amount] aggregate principal amount of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes (the "Notes").

The Notes are issued pursuant to a resolution of the Board of Supervisors of the County adopted on May __, 2016, entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000" (the "Resolution") and the document entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes," (as referred to in the Resolution, the "Certificate").

In rendering this opinion, we have examined the Resolution, the Certificate, the Contract of Purchase and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with regard to the laws of the State of California (the "State"), we are of the opinion that:

1. The County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State, and has taken all action required to be taken by it to authorize the issuance and delivery of the Notes. The County has full legal right, power and authority to conduct its business, to execute and deliver the Contract of Purchase and the Certificate, to adopt the Resolution, to issue and deliver the Notes to the Underwriters (as named and defined in the Contract of Purchase), and to perform all of its obligations under, and to carry out and effectuate the transactions contemplated by, the Resolution, the Certificate, the Notes and the Contract of Purchase. No authorization, consent, approval, order, filing, registration, qualification, election or referendum, of or by any State person, organization, court or governmental agency or public body whatsoever, which has not been obtained or made, is required for such issuance, execution, delivery or performance or the consummation of the other transactions effected or contemplated in or by the Contract of Purchase or the Certificate by the County, except for such actions may be necessary to be

taken to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of any state or jurisdiction of the United States, as to which no opinion is expressed.

2. The issuance of the Notes and the execution, delivery and performance of the Contract of Purchase, the Certificate, the Resolution and the Notes, and the delivery of the Official Statement of the County dated [Pricing Date] relating to the Notes, by the County have been duly authorized, and the issuance of the Notes, the execution, delivery and performance of the Contract of Purchase, the Certificate, the Resolution and the Notes, and compliance with the provisions thereof (a) do not in any material respect conflict with or constitute on the part of the County a violation of or default under the Constitution of the State or any existing State law, charter, ordinance, regulation, decree, order or resolution and do not in any material respect conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject, and (b) do not result in the creation or imposition of any lien or encumbrance, other than as created by the Resolution and the Certificate.

3. The County has duly authorized the consummation by it of all transactions contemplated by the Contract of Purchase and the Certificate.

4. The Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect.

5. Each of the Contract of Purchase and the Certificate was duly authorized, executed and delivered by the County and the Contract of Purchase (assuming due authorization, execution and delivery by the Representative), the Certificate, the Resolution and the Notes constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms.

6. To the best of our knowledge, no action, suit, proceeding, inquiry or investigation is pending in which service of process has been completed or threatened against the County: (a) seeking to restrain or enjoin the sale, issuance or delivery of any of the Notes, the application of the proceeds of the sale of the Notes, or the collection of revenues or assets of the County pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Notes, the Contract of Purchase, the Certificate or the Resolution, or contesting the powers of the County or its authority with respect to the Notes, the Resolution, the Certificate or the Contract of Purchase; or (b) in which a final adverse decision could (i) materially adversely affect the consummation of the transactions contemplated by the Contract of Purchase, the Certificate or the Resolution, or (ii) declare the Contract of Purchase or the Certificate to be invalid or unenforceable in whole or material part.

With respect to the opinions we have expressed, the enforceability of the rights and obligations under the Contract of Purchase, the Resolution, the Certificate and the Notes may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights and remedies in general, by the application of equitable principles, if equitable remedies are sought, and by limitations on legal remedies imposed in actions against counties in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the Contract of Purchase, the Resolution, the Certificate or the Notes.

Very truly yours,

By: ___________________________________
MARY C. WICKHAM
County Counsel

EXHIBIT D

FORM OF OPINION OF COUNSEL TO THE UNDERWRITERS

July 1, 2016

Wells Fargo Securities
Los Angeles, California
as representative of the Underwriters named in
the Contract of Purchase referred to herein

Ladies and Gentlemen:

In connection with the execution and delivery of the County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes (the "Notes"), which are being delivered to you as representatives of the underwriters (the "Underwriters") today pursuant to the Contract of Purchase dated [Pricing Date] (the "Purchase Contract"), by and between you and the County of Los Angeles (the "County"), we, in our representation of the Underwriters, have examined and relied upon the following:

(a) A resolution adopted by the Board of Supervisors of the County on May __, 2016, and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000" (the "Resolution");

(b) The Financing Certificate of the Treasurer and Tax Collector of the County entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes" (the "Certificate");

(c) Executed copies of the opinions of Orrick, Herrington & Sutcliffe, LLP ("Bond Counsel") delivered to you pursuant to the Purchase Contract;

(d) An executed copy of the opinion of the County Counsel, delivered to you pursuant to the Purchase Contract;

(e) An executed copy of the Official Statement related to the Notes, dated [Pricing Date] (the "Official Statement"); and

(f) Executed copies of the certificates and other opinions of counsel delivered pursuant to the Purchase Contract.

In addition, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such other documents, instruments or corporate records, and have made such investigation of law, as we have considered necessary or appropriate for the purpose of this opinion.

In accordance with our understanding with you, we rendered legal advice and assistance to you in the course of your investigation pertaining to, and your participation in the preparation of, the Official Statement and the issuance and sale of the Notes, and such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in personal and telephone conferences with your representatives, representatives of the County and Bond Counsel during which the contents of the Official Statement and related matters were discussed and reviewed.

The limitations inherent in the independent verification of factual matters and the character of determinations involved in the preparation of the Official Statement are such, however, that we have necessarily assumed the accuracy, completeness and fairness of and take no responsibility for any of the statements made in the Official Statement. We have also assumed but have not independently verified that the signatures on all documents and certificates that we examined were genuine.

On the basis of the information developed in the course of the performance of the services referred to above, considered in the light of our understanding of the applicable law and the experience we have gained through our practice thereunder, we are of the opinion, subject to the limitations expressed herein, that as of the date hereof, we have no reason to believe that the Official Statement as of its date contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (other than the information under the captions "Tax Matters" and "Book-Entry Only System," and any financial, demographic, economic and statistical information contained in the Official Statement, including as set forth in Appendix A – "The County of Los Angeles Information Statement," as to all of which we express no opinion) or that the Official Statement as of the date hereof (except as aforesaid) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

In addition, we are of the opinion that the Notes are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

This letter is solely for your benefit as Underwriters and it is not to be used, circulated, quoted or otherwise referred to for any purpose other than the offering of the securities covered by the Official Statement and may not be relied upon without our express written permission, except that references may be made to it in the Purchase Contract or in any list of closing documents pertaining to the delivery of the Notes.

Very truly yours,

EXHIBIT E

Maturity Date	Principal Amount	Interest Rate	Yield

HDW – 4/26/16 Draft

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 2016

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: "___"
Standard & Poor's: "___"
Fitch: "___"
(See "RATINGS" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County of Los Angeles, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

$[Par Amount]*
COUNTY OF LOS ANGELES
2016-17 Tax and Revenue Anticipation Notes
___% Priced to Yield ___%
CUSIP† No. 544657___

Dated: July 1, 2016 **Due: [June 30, 2017]**

The County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes (the "Notes") will be issued in fully registered form. The Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will bear interest from their dated date at the fixed rate per annum specified above and will be priced as set forth above. Principal of and interest on the Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Notes. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Notes are being issued to provide moneys to help meet Fiscal Year 2016-17 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the "County"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May __, 2016 (the "Resolution") and a Financing Certificate entitled, "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. In accordance with California law, the Notes are general obligations of the County, payable only from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2016-17 that will be available for the payment of the Notes. The Notes and the interest thereon are secured by a pledge by the County of certain taxes, income, revenue, cash receipts and other moneys of the County attributable solely to the County's Fiscal Year 2016-17. The County is not authorized, however, to levy or collect any tax for the repayment of the Notes. See "THE NOTES – Security for the Notes" herein.

The Notes are not subject to redemption prior to maturity.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision.

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* Preliminary, subject to change.

† Copyright, 2016. American Bankers Association.

The Notes will be offered when, as and if issued and received by the Underwriters (herein defined), subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the County by County Counsel and for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. It is expected that the Notes will be available for delivery through the facilities of DTC on or about July 1, 2016.

Wells Fargo Securities **J.P. Morgan Securities**

[Co-Managers to Come]

Dated: June __, 2016.

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES

2016-17 TAX AND REVENUE
ANTICIPATION NOTES

BOARD OF SUPERVISORS

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Fourth District

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Board of Supervisors

COUNTY OFFICIALS

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Chief Executive Officer

Mary C. Wickham
County Counsel

Joseph Kelly
Treasurer and Tax Collector

John Naimo
Auditor-Controller

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREIN AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor’s. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the County and are included solely for the convenience of the registered owners of the applicable Notes. Neither the County nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Notes or as included herein. The CUSIP number for the Notes is subject to being changed after the issuance of the Notes as a result of various subsequent actions.

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COUNTY OF LOS ANGELES
CALIFORNIA

OFFICIAL STATEMENT

$[Par Amount]*
COUNTY OF LOS ANGELES
2016-17 Tax and Revenue Anticipation Notes

INTRODUCTION

General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery by the County of Los Angeles, California (the "County") of $[Par Amount]* in aggregate principal amount of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes (the "Notes"). The Notes will be issued as fixed rate notes bearing interest at the rate and maturing on the date set forth on the cover page of this Official Statement. Issuance of the Notes will provide moneys to help meet Fiscal Year 2016-17 County General Fund expenditures attributable to the General Fund of the County (the "General Fund"), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"), and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May __, 2016 and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $800,000,000" (the "Resolution"). The Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. Pursuant to California law, the Notes and the interest thereon will be general obligations of the County payable from unrestricted taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2016-17 that will be available for the payment of the Notes as specified in the Resolution and the Financing Certificate. See "THE NOTES – Security for the Notes." The County is not authorized, however, to levy or collect any tax for the repayment of the Notes.

The County

The County is located in the southern coastal portion of the State of California (the "State") and covers 4,084 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 43 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For certain financial, economic and demographic information with respect to the County, see APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS."

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* Preliminary, subject to change.

COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM

The County implemented a cash management program in 1977 to finance General Fund cash flow shortages occurring periodically during its fiscal year (July 1 through June 30). In each year since the program's inception, the County has sold either tax anticipation notes or tax and revenue anticipation notes (including commercial paper notes) in annual aggregate amounts up to $1,850,000,000. The Resolution authorizes the County to issue and sell up to $800,000,000 aggregate principal amount of its 2016-17 Tax and Revenue Anticipation Notes.

In addition to the Notes and other obligations which may be issued pursuant to the Act, certain funds held in trust by the County until apportioned to the appropriate agency are available to the County for intrafund borrowings. In addition, while it does not expect to do so, the County may undertake interfund borrowing to fund shortages in the General Fund. See "THE NOTES – Security for the Notes," "– Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Cash Management Program."

THE NOTES

General

The Notes will be issued in the aggregate principal amount of $[Par Amount]*. The Notes will be issued in book-entry only form and, when delivered, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their ownership interests in the Notes purchased. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM." Beneficial ownership interests in the Notes may be transferred only in accordance with the rules and procedures of DTC.

The Notes will be dated July 1, 2016, and will mature on the date set forth on the cover page of this Official Statement. The Notes are not subject to redemption prior to their maturity.

The Notes will be issued in denominations of $5,000 and any integral multiple thereof ("Authorized Denominations") and will bear interest at the rate set forth on the cover page hereof. Interest on the Notes will be payable at their stated maturity date and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest will be payable in immediately available funds upon presentation and surrender of the Notes at the office of the Treasurer, who is serving as the Paying Agent with respect to the Notes.

Authority for Issuance

The Notes are being issued under the authority of the Act and pursuant to the Resolution and are subject to the terms and conditions of the Financing Certificate.

Purpose of Issue

Issuance of the Notes will provide moneys to help meet Fiscal Year 2016-17 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The County expects to invest proceeds of the Notes in the Pooled Surplus Investments Fund of the County Treasury Pool (the "Treasury Pool") until expended. See APPENDIX A

* Preliminary, subject to change.

– "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – *County Pooled Surplus Investments*."

Security for the Notes

The Notes will be issued under and pursuant to the Resolution and the Financing Certificate and will be ratably secured by a pledge of "Pledged Revenues," which means, as of any date, the Unrestricted Revenues required by the Resolution and the Financing Certificate to be deposited in the 2016-17 TRANs Repayment Fund on or prior to that date. "Unrestricted Revenues" means the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2016-17 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County.

Pursuant to the Resolution and the Financing Certificate, the County pledges to the payment of the 2016-17 TRANs and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

(a) (1) the first $[315,000,000] Unrestricted Revenues to be received by the County on and after December 20, 2016, plus (2) an amount equal to the interest that will accrue on the 2016-17 TRANs;

(b) the first $[315,000,000] Unrestricted Revenues to be received by the County on and after January 1, 2017; and

(c) the first $[170,000,000] Unrestricted Revenues to be received by the County on and after April 1, 2017.

As provided in Section 53856 of the Act, the Notes and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. See "THE NOTES – Available Sources of Payment." As security for the payment of the Notes, the County covenants pursuant to the Resolution and the Financing Certificate to deposit or cause to be deposited in the Notes Repayment Fund (the "Repayment Fund"), in trust for the registered owners of the Notes, the Pledged Revenues to be so deposited, and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit in the Notes Repayment Fund the Pledged Revenues. To the extent that any amounts received pursuant to clauses (a) through (c) above are less than the total amount designated for such deposit, then the amount of any deficiency in the Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit into the Repayment Fund additional amounts from any such other moneys of the County. The amounts on deposit in the Repayment Fund are pledged to the payment of the Notes and the interest thereon, and said amounts shall not be used for any other purpose until the Notes and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the Repayment Fund shall be deposited as and when received into the General Fund of the County.

The Pledged Revenues may be invested in Permitted Investments (herein defined); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the Notes. Any amounts remaining in the Repayment Fund after repayment of all Notes and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of his respective designees may direct. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Permitted Investments."

As more particularly described under the heading "THE NOTES - Interfund Borrowing, Intrafund Borrowing and Cash Flow," the County may, under certain circumstances, undertake interfund borrowing to fund shortages in the General Fund. While the County does not expect to undertake any such interfund borrowing, Section 6 of Article XVI of the California Constitution requires that any such borrowing be repaid from revenues before any other obligation of the County (including the Notes) is paid from such revenues.

Available Sources of Payment for the Notes

The Notes, in accordance with State law, are general obligations of the County, and to the extent not paid from the Pledged Revenues shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. The County is not authorized to levy or collect any tax for repayment of the Notes. Pursuant to the Act, no obligations, including the Notes, may be issued thereunder if the principal of and interest on such obligations is in excess of 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys of the County which will be available for the payment of such principal and interest. See "THE NOTES – Security for the Notes."

The County estimates that the total Unrestricted Revenues to be available for payment of the principal of and interest on the Notes, including the Pledged Revenues, will be in excess of $__ billion, as indicated in the table below. Except for Pledged Revenues, the Unrestricted Revenues will be expended during the course of Fiscal Year 2016-17, and no assurance can be given that any moneys, other than the Pledged Revenues, will be available to pay the Notes and the interest thereon.

To the extent that the Unrestricted Revenues are insufficient to pay the Notes, the County may access certain borrowable resources in order to satisfy its payment obligations. See the table entitled "County of Los Angeles Projected Borrowable Resources – Fiscal Year 2016-17" on pages 12-13 for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2016-17. Such amounts are not pledged for payment of the Notes and the interest thereon. The amount of borrowable resources actually available will depend on a variety of factors, including the final form of the County's 2016-17 Budget, when adopted, the County's actual revenues and expenditures, and actions by the State of California which could materially impact the County's expenses and revenues.

COUNTY OF LOS ANGELES
ESTIMATED GENERAL FUND UNRESTRICTED REVENUES
FISCAL YEAR 2016-17 (1)
(In Thousands)
[TO COME]

SOURCES:	AMOUNT
Property Taxes	
Other Taxes	
Homeowner's Exemptions	
Motor Vehicle (VLF) Realignment	
Fines, Forfeitures and Penalties	
Licenses, Permits and Franchises	
Charges for Services	
Investment and Rental Income	
Other Revenue and Tobacco Settlement	
Total:	
Less amount pledged for payment of the Notes:(2)	
Net total in excess of Pledged Revenues:	

(1) Reflects revenues set forth in the projected cash flow for Fiscal Year 2016-17. Information subject to change to reflect the impact of any revisions to the 2016-17 State Budget and other matters. See "THE NOTES – State of California Finances" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT".

(2) Based on $[Par Amount]* aggregate principal amount of Notes, plus an amount equal to interest thereon.

State of California Finances

General. The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. There can be no assurances that the Fiscal Year 2016-17 State Budget (the "2016-17 State Budget") will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot reliably predict the ultimate impact of the 2016-17 State Budget on the County's financial outlook. In the event the 2016-17 State Budget includes decreases in County revenues or increases in required County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

Governor's Proposed 2016-17 State Budget. On January 7, 2016, the Governor released the 2016-17 Proposed State Budget, which projects Fiscal Year 2015-16 State General Fund revenues and transfers of $121.2 billion (inclusive $3.7 billion in fund balance from Fiscal Year 2014-15), total expenditures of $116.1 billion and a year-end surplus of $5.2 billion, of which $966 million would be reserved for the liquidation of encumbrances and $4.2 billion would be deposited in a reserve for economic uncertainties. The 2016-17 Proposed State Budget projects Fiscal Year 2016-17 State General Fund revenues and transfers of $125.8 billion (inclusive $5.2 billion in fund balance from Fiscal Year 2015-16), total expenditures of $122.6 billion and a year-end surplus of $3.2 billion, of which $966

* Preliminary, subject to change.

million would be reserved for the liquidation of encumbrances and $2.2 billion would be deposited in a reserve for economic uncertainties. The 2016-17 Proposed State Budget states that, with California's complicated budget, there will continue to be year-to-year fluctuations, risk and cost pressures, including from the federal government and ballot initiatives, and maintaining a balanced budget for the long term will be an ongoing challenge that requires fiscal restraint and prudence.

May Revision to the 2016-17 Proposed State Budget. [TO COME]

LAO Overview of the May Revision. [TO COME]

Impact of Fiscal Year 2016-17 State Budget on the County. [TO COME, BASED ON MAY REVISION] [The Proposed 2016-17 State Budget and May Revision contain no reductions to County-administered programs, includes the repayment of pre-2004 deferred State mandate payments owed to local governments and contains adjustments to the base allocation for the AB 109/2011 Public Safety Realignment (see description in Appendix A hereto). The proposed repayments of pre-2004 deferred State mandate amounts are estimated to result in a $117 million payment to the County while the adjustments to the base allocation is expected to result in a $101 million redirection of 1991 Health Realignment funding from the County to the State for Fiscal Year 2016-17. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information - 2016-17 Recommended Budget – Fiscal Year 2016-17 NCC Budget Changes" attached hereto.]

Additional Information. The Governor may release additional details of the proposals or updates to the Governor's Proposed 2016-17 State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. Text of the State 2016-17 State Budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Interfund Borrowing, Intrafund Borrowing and Cash Flow

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. However, revenues are received during the fiscal year by the County in uneven amounts, primarily as a result of the receipt of secured property tax installment payments in December and April and delays in payments from other governmental agencies, the two largest sources of County revenues. Prior to 1977, the County managed its General Fund cash flow deficits by (i) borrowing from specific funds of other governmental entities whose funds are held in the County Treasury (so called "interfund borrowing") pursuant to Section 6 of Article XVI of the California Constitution and (ii) borrowing from funds held in trust by the County (so-called "intrafund borrowing"). Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, since 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. Except for tax and revenue anticipation notes that have not yet matured (being the $900,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2015-16 and due June 30, 2016), all notes issued in connection with the County's cash management program have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a repayment fund therefor, separate from the General Fund, to repay the outstanding 2015-16 tax and revenue anticipation notes due on June 30, 2016. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

The use of intrafund borrowing to cover negative balances in the General Fund is a regular practice. The legality of this practice was decided and affirmed in May 1999 by the California Court of Appeals in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County et al.* The funds available as borrowable resources and reviewed by the court in 1999 consist primarily of property tax collections and monies in transit. Such funds are held in trust by the County prior to being distributed to the various taxing agencies and governmental units within the County. The General Fund itself is a major recipient of these "monies in transit" and ultimately receives more than 30% of all borrowable resources. The County has chosen not to classify such amounts as General Fund receipts until they are actually moved from trust and into the General Fund. If such monies were classified as General Fund deposits when first received by the County, the cash balance in the General Fund would be materially greater throughout the fiscal year. See the tables entitled Borrowable Resources Average Daily Balances - Fiscal Years 2011-12 through 2015-16" and "County of Los Angeles Borrowable Resources – Fiscal Year 2016-17" for the County's historical and projected borrowable resources for purposes of Intrafund Borrowing.

The following tables set forth for fiscal years 2010-11 through 2015-16 the month-end cash balances in the General Fund and the average daily balances in the various funds that account for the County's borrowable resources.

GENERAL FUND
MONTH-END CASH BALANCES
FISCAL YEARS 2011-12 THROUGH 2015-16
(In Thousands)[1]

	2011-12	2012-13	2013-14	2014-15	2015-16
July	$1,522,684	$1,346,913	$1,194,935	$1,301,521	______
August	1,319,842	830,197	844,344	994,697	______
September	909,737	332,888	177,920	563,608	______
October	419,044	39,289	43,694	215,745	______
November	229,984	(267,888)	(16,816)	(20,557)	______
December	440,436	378,664	358,844	231,055	______
January	511,073	291,248	797,772	600,670	______
February	182,090	270,061	689,240	552,198	______
March	(272,434)	(302,319)	(6,076)	335,074	______
April	297,983	208,117	396,747	426,895	______
May	564,069	806,070	1,074,220	[963,139]	______[2]
June	821,252	892,775	1,025,985	[777,186]	______[2]

[1] Month-end balances include the effects of short-term note issuance net of deposits to the repayment funds relating to the short-term notes. Certain monthly periods reflect negative cash balances, which are covered by borrowable resources available to the County. See "THE NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY."

[2] Estimated.

BORROWABLE RESOURCES
AVERAGE DAILY BALANCES
FISCAL YEARS 2011-12 THROUGH 2015-16
(In Thousands)

	2011-12	2012-13	2013-14	2014-15	
July	$1,321,951	$1,525,334	$1,090,942	$1,308,097	________
August	1,069,843	1,123,337	1,085,015	1,274,023	________
September	1,142,594	1,186,943	1,163,158	1,284,744	________
October	1,449,921	1,635,585	1,637,393	1,849,733	________
November	2,695,445	2,933,305	3,185,516	3,428,812	________
December	4,953,904	5,174,854	5,582,245	5,869,491	________
January	3,109,882	3,150,261	3,225,772	3,794,349	________
February	1,854,014	1,997,817	2,164,412	2,526,797	________
March	2,084,584	2,090,997	2,359,184	2,587,441	________
April	4,438,428	4,504,208	4,903,834	5,392,739	________
May	2,715,846	2,781,891	2,863,076	[3,208,606][1]	________[1]
June	1,740,788	1,127,721	1,262,316	[1,414,583][1]	________[1]

[1] Estimated.

The Auditor-Controller submits to the Board of Supervisors monthly reports that set forth summary cash flow and borrowable resources information, including actual cash flow amounts for the County's General Fund through the preceding month, projected cash flows for the County's General Fund through the end of the applicable fiscal year and monthly borrowable resources average daily balances. The monthly cash flow reports are available through the County's Investor Information website at http://ttc.lacounty.gov/Proptax/Investor.htm. Such information is not incorporated herein by this reference.

In connection with the issuance of the Notes, the County has prepared the following detailed cash flow projection for Fiscal Year 2016-17 based on the 2016-17 Recommended Budget adopted by the Board of Supervisors on April __, 2016 (the "2016-17 Recommended Budget"), and a detailed projection of average daily balances for Fiscal Year 2016-17 for all funds expected to be available as borrowable resources. The projected information relating to cash flow and borrowable resources has been prepared by the County based on historical information, as well as the County's analysis of expected revenues and expenses for Fiscal Year 2016-17. Although the County believes its Fiscal Year 2016-17 projections are reasonable, the cash flow and borrowable resources will depend on a variety of factors, including the final County Budget, actual revenues and expenses, the impact on the County of State budgetary actions, and other factors, and such projections should not be construed as statements of fact. In preparing cash flow forecasts for prior issuances of tax and revenue anticipation notes, the County has historically been conservative in its projections. Since Fiscal Year 1990-91, the County has exceeded its year-end cash projections in [25 of 26] years, and has done so by an average of more than [$500 million]. For June 30, 2016, the County projects that its cash balance will be $[363] million greater than the original May 2015 forecast of $362 million, ending the current fiscal year at a positive $[777] million. There can be no assurances that actual results for Fiscal Year 2016-17 will not materially differ from the projections.

[FISCAL YEAR 2016-17 GENERAL FUND CASH FLOWS TO COME]

[FISCAL YEAR 2016-17 BORROWABLE RESOURCES TO COME]

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE

The following is a summary of certain provisions of the Resolution and the Financing Certificate. This summary is not to be considered a full statement of the terms of the Resolution or the Financing Certificate and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Financing Certificate.

Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Notes to be issued under the Resolution by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the Notes. The pledge made in the Resolution and the Financing Certificate and the covenants and agreements set forth therein to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the Notes all of which shall be of equal rank without preference, priority or distinction of any of the Notes over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

Covenants of the County

The County covenants under the Financing Certificate that it will not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to its Fiscal Year 2016-17 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the County covenants to comply with each applicable requirement of the Code (herein defined) necessary to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes. In furtherance of the foregoing tax covenant, the County agrees to comply with the provisions of the Tax Certificate. The County shall make all calculations as provided in the Tax Certificate relating to any rebate of excess investment earnings on the Notes proceeds due to the United States Department of Treasury in a reasonable and prudent fashion and shall segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of Treasury.

Notwithstanding any other provision of the Financing Certificate to the contrary, upon the County's failure to observe or refusal to comply with the foregoing tax covenants, the Holders, and any adversely affected former Holders, shall be entitled to the rights and remedies provided to Holders under the Financing Certificate.

Negotiability, Transfer and Exchange of the Notes

The Holders of the Notes evidenced by registered certificates may transfer or exchange such Notes upon the books maintained by the Note Registrar, in accordance with the Financing Certificate.

The County and the Paying Agent may deem and treat the Holder of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the County nor the Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the Holder of the Notes as long as the beneficial ownership of the Notes is held in book-entry form in the records of such securities depository. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

Permitted Investments

Moneys on deposit in the Repayment Fund will be retained therein until applied to the payment of the principal of and interest on the Notes. Such amounts may not be used for any other purpose, although they may be invested in Permitted Investments, as defined in the Financing Certificate ("Permitted Investments"), as more fully described below:

(1) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America.

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board; (b) the Federal Home Loan Mortgage Corporation; (c) the Federal National Mortgage Association; (d) Federal Farm Credit Bank; (e) Government National Mortgage Association; (f) Student Loan Marketing Association; and (g) guaranteed portions of Small Business Administration notes.

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's, a Standard & Poor's Financial Services LLC business ("S&P"), or Fitch Ratings ("Fitch") and "P-1", "A-1", "F1" or better rating for the issuer's short-term debt, as provided by Moody's, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(4) The Los Angeles County Treasury Pool (the "County Treasury Pool").

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with the Financing Certificate. The institution must have a minimum short-term debt rating of "A-1," "P-1," or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*) and whose fund has received the highest possible rating from S&P and at least one other nationally recognized securities rating agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(7) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a

parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(8) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above. The maximum par value per issuer may not exceed $250,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer under the Financing Certificate may not exceed $500,000,000.

(9) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA" or "Aa2" by S&P or Moody's, respectively.

Notwithstanding anything within the definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the Notes, to the extent Pledged Revenues are invested in Permitted Investments described in paragraphs (3), (5), (7) or (9) above, such investments must be rated by S&P at the respective S&P ratings described therein.

Repayment Fund Held by the Treasurer

Under the Resolution and the Financing Certificate, the County shall transfer to the Treasurer for deposit in the Repayment Fund the Pledged Revenues as set forth in the Financing Certificate. The Pledged Revenues may be invested in Permitted Investments; provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the Notes. The Pledged Revenues shall be used to pay the Notes and the interest thereon when the same shall become due and payable and may not be used for any other purpose; provided that earnings on amounts in the Repayment Fund shall be deposited as and when received into the General Fund of the County. Any amounts remaining in the Repayment Fund after repayment of all the Notes and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any designee may direct.

Supplemental Financing Certificate and Supplemental Resolution

The Financing Certificate and certain of the rights and obligations of the County and of the Holders of the Notes may be amended or supplemented pursuant to a supplemental financing certificate executed by the Treasurer in accordance with the provisions of the Financing Certificate (a "Supplemental Financing Certificate"), with the written consent of the Holders of at least a majority in principal amount of the Notes outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any particular Notes remain Outstanding, the consent of the Holders of such Notes will not be required. No such supplement or amendment shall (i) permit a change in the terms of maturity of the principal of any Notes or of the interest rate thereon or a reduction in the principal amount thereof without the consent of all of the Holders of the affected Notes, or (ii) change the dates or amounts of the pledges set forth in the Financing Certificate with respect to the Notes, as set forth under "THE NOTES - Security for the Notes," without the consent of all of the Holders of the affected Notes, or (iii) reduce the percentage of the Holders required to approve such Supplemental Financing Certificate without the consent of all of the Holders of the affected Notes, or (iv) change or modify any of the rights or obligations of the Paying Agent without its written consent thereto.

Additionally, a resolution amending the Resolution (a "Supplemental Resolution") may be adopted, or a Supplemental Financing Certificate may be executed, without the consent of the Holders, (i) to add to the covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (ii) to add to the limitations and restrictions to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing

Certificate, (iii) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution or the Financing Certificate, of any moneys, securities or funds or to establish any additional funds or accounts to be held under the Resolution or the Financing Certificate, (iv) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or the Financing Certificate, (v) to supplement or amend the Resolution or the Financing Certificate as required to obtain a rating for the Notes, or any portion thereof, from any rating agency, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders or (vi) to supplement or amend the Resolution or Financing Certificate in any other respect, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders.

Events of Default

Any one or more of the following will constitute an "Event of Default" under the Resolution and the Financing Certificate:

(1) the County fails to make any payment of the principal of or interest on any Notes when and as the same become due and payable;

(2) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, the Financing Certificate or the Notes and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10 percent in aggregate principal amount of the outstanding Notes; or

(3) the County shall file petition for relief under the federal bankruptcy laws.

Whenever any Event of Default shall have happened and shall be continuing, the Holders of the Notes, and any adversely affected former Holders of the Notes, and their legal representatives, will be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants in the Financing Certificate and in the Act. Nothing in the Financing Certificate will preclude an individual Holder from enforcing such Holder's rights to payment of principal of and interest on such Holder's Notes.

Payment of Unclaimed Moneys to County

Anything in the Financing Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the Notes that remain unclaimed for a period of one year after the date when such Notes have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such Notes became due and payable, will be repaid to the County, as its absolute property and free from trust, and the Holders may thereafter look only to the County for the payment of such Notes from legally available funds; provided, however, that before any such payment is made to the County, the County will create (and thereafter maintain until payment of all of the Notes) a record of the amount so repaid, and the County will cause to be published at least twice, at any interval of not less than seven days between publications, in *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los Angeles, California and in the Borough of Manhattan, City and State of New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date may be not less than thirty days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

ENFORCEABILITY OF REMEDIES

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The County expects to be in possession of certain Unrestricted Revenues that are pledged and will be set aside to repay Notes and these funds will be held a segregated account to be established and maintained by the County for the benefit of the owners of the Notes. The amounts in such segregated account will be invested for a period of time in the County Treasury Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the Bankruptcy Code, a court might hold that the owners of the Notes do not have a valid and prior lien on the such pledged amounts where such amounts are deposited in the County Treasury Pool and may not provide the Note owners with a priority interest in such amounts. Such pledged amounts may not be available for payment of principal of and interest on the Notes unless the owners could "trace" the funds from the Repayment Fund that have been deposited in the County Treasury Pool. There can be no assurance that the Owners could successfully so "trace" the pledged amounts.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in Appendix C – "Proposed Form of Opinion of Bond Counsel" hereto.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on debt obligations such as the Notes that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity, or (ii) the difference between the issue price of the Notes and the aggregate amount to be paid at maturity of the Notes (the "original issue discount"). For this purpose, the issue price of the Notes is the first price at which a substantial amount of the Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Notes if original issue discount treatment is elected.

Notes purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Notes which must be rebated to the United States, to set aside from lawfully available sources sufficient monies to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Notes is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Notes within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available monies (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from monies received or accrued during the 2016-17 Fiscal Year. To the extent that any rebate cannot be paid from such monies, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculation of expenditures of Notes proceeds or of rebatable arbitrage profits, if any, was incorrect.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Notes may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the beneficial owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the beneficial owners to incur significant expense.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. The approving opinion of Bond Counsel will be delivered with the Notes in substantially the form appearing in APPENDIX C hereto. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Certain legal matters will be passed on for the County by County Counsel.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under the California Financial Code, the Notes are legal investments for commercial banks in the State, and under the California Government Code, the Notes are eligible to secure deposits of public moneys in the State.

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2015, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O'Connell LLP (the "Independent Auditor"), certified public accountants, as stated in their report appearing in Appendix B. The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made herein, and no opinion is expressed by Independent Auditor with respect to any event subsequent to its report dated December 15, 2015.

RATINGS

Moody's, S&P and Fitch have given the Notes the ratings of "___," "___" and "___" respectively. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Notes. Such ratings reflect only the views of the rating agencies, and are not a recommendation to buy, sell or hold any of the Notes. Any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; Fitch Ratings, One State Street Plaza, New York, New York 10004. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the affected Notes.

LITIGATION

To the best knowledge of the County, no litigation is pending or threatened concerning the validity of the Notes, and an opinion of the County Counsel to that effect will be furnished at the time of issuance of the Notes.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. The aggregate amount of the uninsured liabilities of the County which may result from all suits and claims will not, in the opinion of the County Counsel, materially impair the County's ability to repay the Notes. Note 18 of "Notes to the Basic Financial Statements" included in APPENDIX B sets forth this liability as of June 30, 2015. See also APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

FINANCIAL ADVISOR

Public Resources Advisory Group has served as Financial Advisor to the County in connection with the issuance of the Notes. The Financial Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained herein.

UNDERWRITING

The Notes are being purchased for reoffering by Wells Fargo Bank, National Association, as representative of itself, J.P. Morgan Securities LLC and [Co-Managers] (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Notes at a purchase price of $_________ (representing the principal amount of the Notes, plus original issue premium of $_________, less Underwriters' discount of $_________). The Contract of Purchase (the "Contract of Purchase") provides that the Underwriters will purchase all of the Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

The Underwriters may offer and sell the Notes to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

Wells Fargo Bank, National Association, one of the Underwriters of the Notes, has provided the following sentences for inclusion: Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA MPG") the senior underwriter of the Notes, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Notes. Pursuant to the Distribution Agreement, WFBNA MPG will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Notes with WFA. WFBNA MPG also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Notes. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA MPG pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA MPG, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, acting through its Municipal Products Group.

J.P. Morgan Securities LLC, one of the Underwriters of the Notes, has provided the following sentences for inclusion: J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Notes, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Notes from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Notes that such firm sells.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various banking services for the County.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, the Resolution, the Financing Certificate and the statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

Appropriate County officials, acting in their official capacity, have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. An appropriate County official will execute a certificate to such effect upon delivery of the Notes. This Official Statement and its distribution have been duly authorized and approved by the Board of Supervisors of the County.

CONTINUING DISCLOSURE

The County has agreed in a Disclosure Certificate to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. The notice events applicable to the Notes include: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (4) modifications to rights of Noteholders, if material and (5) rating changes.

The County's underlying rating was upgraded by S&P from "A+" to "AA-" in October 2012 in connection with the issuance of its Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds ") and disclosed in the Official Statement for the Series 2012 Bonds. The County did not file an event notice for the rating changes assigned to the County's other General Fund obligations. In addition, the County did not file notices of certain rating changes on bonds insured by a financial guaranty insurance company. The County has since filed notices setting forth the current ratings on each of its obligations.

In addition, the County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Any Holder of a Note may obtain a copy of any such report, as available, from the County. Such reports are not incorporated by this reference.

Additional information regarding this Official Statement and copies of the Resolution and the Financing Certificate may be obtained by contacting:

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-8359

APPENDIX A

COUNTY OF LOS ANGELES INFORMATION STATEMENT

THE COUNTY OF LOS ANGELES
Information Statement

GENERAL INFORMATION

The County of Los Angeles (the "County") was established by an act of the California State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern coastal portion of the State, the County covers 4,084 square miles and includes 88 incorporated cities as well as many unincorporated communities. With a population of nearly 10.1 million in 2014, the County is the most populous of the 58 counties in California and has a larger population than 43 states.

As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes. The County provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also provides certain municipal services to unincorporated areas of the County and operates recreational and cultural facilities throughout the County.

COUNTY GOVERNMENT

The County is governed by a five-member Board of Supervisors, each of whom is elected by residents from their respective supervisorial districts to serve four-year terms. The other elected officials of the County are the Assessor, District Attorney and Sheriff. On March 5, 2002, County voters approved two charter amendments that introduced mandatory term limits for the elected officials of the County. As a result, each Supervisor is now limited to serving a maximum of three consecutive terms commencing as of December 2002.

On September 27, 2011, the Board of Supervisors adopted a Supervisorial District Boundary Plan based on the results of the 2010 census. The redistricting plan, which took effect on October 27, 2011, reduced the total variance in population among the five districts from 9.97% to 1.59% and moved approximately 277,600 residents to new supervisorial districts.

In March 2007, the Board of Supervisors amended the County Code by adopting the Interim Governance Structure Ordinance, which was designed to improve the operational efficiency of County governance. The new governance structure delegated additional responsibilities for the administration of the County to the Chief Executive Office (the "CEO"), including the oversight, evaluation and recommendation for appointment and removal of specific department heads and County officers. The five departments that continued to report directly to the Board of Supervisors were the Fire Department, Auditor-Controller, County Counsel, Executive Office of the Board of Supervisors, and the CEO. In May 2011, the Board of Supervisors further revised the governance structure by directing the Department of Children and Family Services and the Probation Department to report directly to the Board.

The County has recently experienced significant changes to its elected leadership, senior management personnel and governance structure. In December 2014, the Supervisors for the First District and the Third District reached their term limits, with their successors elected by voters in the November 2014 election. The new Supervisors for the First and Third Districts commenced their first terms on December 1, 2014. In November 2014, voters also elected a new Assessor and a new Sheriff. Other key management changes to County departments include appointments by the Board of Supervisors of a new Auditor-Controller in October 2014, a new Treasurer and Tax Collector in January 2015, a new CEO in October 2015, and a new County Counsel in November 2015.

On July 7, 2015, the Board of Supervisors approved recommendations by the CEO to amend the County Code by repealing the 2007 Interim Governance Structure Ordinance, and to establish a new governance structure. Under the new governance structure, all non-elected department heads will report directly to the Board of Supervisors and all Deputy CEO positions were eliminated. County departments will continue to report to the CEO for day-to-day operations, as well as for administrative and budget matters. The CEO will continue to function as the Board of Supervisor's agent to manage countywide policy objectives and departmental performance management. The new governance structure is designed to streamline County governance by improving communications with County departments, which will facilitate more effective decision making and greater responsiveness to the Board of Supervisors' policy objectives.

COUNTY SERVICES

The vast majority of the County population resides in the 88 incorporated cities located within its boundaries. The County provides some municipal services to these cities on a contract basis under the Contract Services Plan. Established in 1954, this plan was designed to allow cities to contract for municipal services without incurring the cost of creating numerous city departments and facilities. Under the Contract Services Plan, the County will provide various municipal services to a city on a cost recovery basis at the same level of service as provided in unincorporated areas, or at any higher service level that a city may choose.

Over one million people live in the unincorporated areas of the County. For the residents of these areas, the County Board of Supervisors functions as their "City Council," and County departments provide all of their municipal services, including law enforcement, fire protection, land use and zoning, building and business permits, road maintenance, animal care and control, and public libraries. Beyond the unincorporated areas, the County provides a wide range of services to all citizens who live within its boundaries.

Many of the County's core service functions are required by the County Charter, County ordinances, or by State or Federal mandate. State and Federal mandated programs, primarily related to social services and health care, are required to be maintained at certain minimum levels of service, which can limit the County's flexibility in these areas.

Health and Welfare

Under State Law, the County is required to administer Federal and State health and welfare programs, and to fund a portion of the program costs with local revenues, such as sales and property taxes. Health care services are provided through a network of County hospitals and comprehensive health centers.

In addition, the County provides public health, immunization, environmental and paramedic services, and is responsible for the design and establishment of the county-wide emergency trauma network, which includes two medical centers operated by the County. The County also has responsibility for providing and partially funding mental health, drug and alcohol abuse prevention, and various other treatment programs. These services are provided at County facilities and through a network of contract providers.

While many of the patients receiving services at County facilities are indigent or covered by Medi-Cal (a State health insurance program), the County health care delivery system has been designed with the objective of providing quality health care services to the entire population. Through its affiliation with two medical schools and by operating its own school of nursing, the County Department of Health Services ("DHS") is a major provider of health care professionals throughout California.

Disaster Services

The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 15 major dams, 131 debris basins, 86,500 catch basins, 42 sediment placement sites, and over 2,825 miles of storm drains and channels. County lifeguards monitor 31 miles of beachfront and County rescue boats patrol 75 miles of coastline, including the Catalina Channel.

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides county-wide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily population of over 18,000 inmates.

General Government

The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes, and distribution of property tax revenue to cities, agencies, special districts, and local school districts. Another essential general government service is the County's voter registration and election system, which provides services to an estimated 4.1 million registered voters and maintains 5,000 voting precincts for countywide elections.

Culture and Recreation

Through a partnership with community leaders, non-profit organizations, volunteers and the private sector, the County operates the Music Center complex, which includes the Dorothy Chandler Pavilion, Mark Taper Forum, Ahmanson Theater, and the Walt Disney Concert Hall. The County also functions as the operator of the Hollywood Bowl, the John Anson Ford Theater, the Los Angeles County Museum of Art, the Museum of Natural History, and the George C. Page Museum.

The County manages over 63,000 acres of parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 7 major regional parks, 87 local and community regional parks, 31 public swimming pools, 344 miles of horse and hiking trails, and 19 golf courses. The County also maintains botanical centers, including the Arboretum, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Estate, providing County residents with a valuable educational resource.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 88.2% of the County workforce is represented by sixty-one (61) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union ("SEIU") Local 721, which has twenty-four (24) collective bargaining units that represent 56.8% of County employees; the Coalition of County Unions ("CCU"), which includes twenty-five (25) collective bargaining units representing 23.5% of County employees; and the Independent Unions (the "Independent Unions"), which encompass twelve (12) collective bargaining units representing 7.9% of County employees. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division is responsible for negotiating sixty-one (61) individual collective bargaining agreements for wages and salaries and an additional two (2) fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

With the exception of the bargaining units representing Building Trades, Supervising Building Trades and Physicians, the County has negotiated Memoranda of Understanding ("MOUs") with all of its collective bargaining units covering wages, salaries and fringe benefits. A summary of the current MOUs in effect for County employees is provided below.

On September 29, 2015, the Board of Supervisors approved successor agreements to five (5) MOUs covering wages and work rules for the collective bargaining units representing Deputy Probation Officers, Supervising Peace Officers, Public Defender Investigators, Beach Lifeguards and Supervising Beach Lifeguards. The five MOUs have three-year terms, with the MOUs for the Beach Lifeguards and Supervising Beach Lifeguards expiring on December 31, 2017, and the MOUs for Deputy Probation Officers, Supervising Peace Officers and Public Defender Investigators expiring on January 31, 2018. All five unions received a 10% cost of living increase over the term of the agreements.

On November 13, 2015, the Board of Supervisors approved successor agreements to ten (10) MOUs covering wages and work rules for the collective bargaining units representing Peace Officers, Fire Fighters, Supervisory Fire Fighters, Criminalists/Forensic ID Specialists, Custody Assistants, Coroner Investigators, Supervising Coroner Investigators, Probation Directors, Supervising Child Support Officers and Assistant Deputy District Attorneys. The MOUs for these unions also have three-year terms, which will expire on December 31, 2017 (Fire Fighters; Supervisory Fire Fighters), January 31, 2018 (Peace Officers, Criminalists/Forensic ID Specialists, Custody Assistants, Coroner Investigators, Supervising Coroner Investigators, Probation Directors) and September 30, 2018 (Supervising Child Support Officers and Assistant Deputy District Attorneys). Each bargaining unit received a 10% cost of living increase over the term of the agreements.

On December 8, 2015, the Board of Supervisors approved successor agreements to three (3) MOUs covering wages and work rules for the collective bargaining units representing Automotive and Equipment Maintenance, Agricultural Inspectors, Child Support Attorneys and the twenty-four (24) collective bargaining units representing SEIU Local 721. Also approved on the same date was an MOU covering fringe benefits for SEIU Local 721 members. All of the MOUs have a three-year term expiring on September 30, 2018, with each union receiving a 10% cost of living increase over the term of the agreements.

On January 5, 2016, the Board of Supervisors approved successor agreements to the Fringe Benefit MOU for employees represented by the CCU. The MOU has a three-year term expiring on September 30, 2018.

On January 26, 2016, the Board of Supervisors approved successor agreements to eleven (11) MOUs covering wages and work rules for the collective bargaining units representing Appraisers, Supervising Appraisers, Pharmacists, Health Investigative & Support Services, Plant Operating Engineers, Professional Engineers, Supervising Professional Engineers, Engineering Technicians, Supervising Engineering Technicians, Psychiatric Social Workers and Supervising Psychiatric Social Workers. All of the MOUs have a three-year term expiring on September 30, 2018, with each union receiving a 10% cost of living increase over the term of the agreements.

There are five (5) MOUs where agreements have been reached with the bargaining units, but the successor MOUs have yet to be approved by the Board of Supervisors. If approved by the Board of Supervisors, each successor MOU includes a three-year term expiring on September 30, 2018 and a 10% cost of living increase over the term of the agreements.

The new SEIU Local 721 and the CCU fringe benefit agreements include provisions to change the cafeteria plan contributions and subsidies for temporary and part-time employees, additional annual vacation leave of up to 40 hours after 24 years or more of service, an additional paid holiday in recognition of Cesar Chavez' birthday, a change in eligibility for sick personal leave for rehired retirees, and an expansion of bereavement leave provisions (SEIU Local 721 Fringe Benefit MOU only).

Non-represented employees also received the 10% cost of living increase that was agreed to with SEIU, CCU and the Independent Unions.

RETIREMENT PROGRAM

General Information

All permanent County employees of three-quarter time or more are eligible for membership in the Los Angeles County Employees Retirement Association ("LACERA"). LACERA was established in accordance with the County Employees Retirement Law of 1937 (the "Retirement Law") to administer the County's Employee Retirement Trust Fund (the "Retirement Fund"). LACERA operates as a cost-sharing multi-employer defined benefit plan for the County and four minor participating agencies. The four non-County agencies account for less than one percent (1%) of LACERA's membership. Through the Retirement Fund and various benefit plans, LACERA provides retirement benefits to all general and safety members.

LACERA is governed by the Board of Retirement (the "Board of Retirement"), which is responsible for the administration of the Retirement Fund, the retiree healthcare program, and the review and processing of disability retirement applications. The Board of Retirement is comprised of four positions appointed by the Board of Supervisors, two positions elected by general LACERA members, two positions (one active and one alternate) elected by LACERA safety members and two positions (one active and one alternate) elected by retired LACERA members. The County Treasurer and Tax Collector is required by law to serve as an ex-officio member of the Board of Retirement.

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service, age and membership classification. Law enforcement officers, firefighters, foresters and lifeguards are classified as "safety" employees, with all other positions classified as "general" employees. County employees have the option to participate in a contribution based defined benefit plan or a non-contribution based defined benefit plan. In the contribution based plans (Plans A, B, C, D & G), employees contribute a fixed percentage of their monthly earnings to LACERA based on rates determined by LACERA's independent actuary. The contribution rates depend upon age, the date of entry into the plan and the type of membership (general or safety). County employees who began their employment after January 4, 1982 also have the option to participate in Plan E, which is a non-contribution based plan. The contribution based plans (A through G) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2015 was 167,409, consisting of 73,518 active vested members, 20,156 active non-vested members, 60,606 retired members and 13,129 terminated vested (deferred) members. Of the 93,674 active members (vested and non-vested), 81,228 are general members in General Plans A through G, and 12,446 are safety members in Safety Plans A through C.

Of the 60,606 retired members, 48,958 are general members in General Plans A through E, and 11,648 are safety members in Safety Plans A, B and C. Beginning in 1977, both the General Plan A and the Safety Plan A were closed to new members. The County elected to close these plans in response to growing concerns regarding the future cost of Plan A benefits, which were considerably more generous than other plan options currently available to County employees.

As of June 30, 2015, approximately 72% of active general members were enrolled in General Plan D, and over 99% of all active safety members were enrolled in Safety Plan B. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. To illustrate the potential financial impact of the retirement benefit, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary; and a Safety Plan B member with 25 years of experience can retire at age 50 with benefits equal to approximately 50% of current salary.

In an internal survey completed by the CEO in Fiscal Year 2010-11, it was determined that the benefit structures of other public retirement plans in California differ considerably from the County's two primary contribution-based plans (General Plan D and Safety Plan B). For example, the CEO found that six of the ten largest counties in the State, and nine of the ten largest cities in the State, provide their general employees with at least 2.0% annual increases, and no reduction in benefits for those employees who retire at age 55 or younger. By comparison, the County's General Plan D requires six additional years (at age 61) before a participant can retire without a reduction in annual benefits. In addition, seven of the ten largest counties, and seven of the ten largest cities, provide their public safety personnel with annual benefit increases of 3.0%, and no reduction in benefits for employees who retire at age 50 or younger. This compares to the County's Safety Plan B, which only allows for 2.0% annual increases up through the age of 50.

2012 State Pension Reform

On August 28, 2012, the Governor and the State Legislature reached agreement on a new law that will reform pensions for State and local government employees. AB 340, which was signed into law by the Governor on September 12, 2012, established the California Public Employees' Pension Reform Act ("PEPRA") to govern pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA includes pension caps, equal sharing of pension costs, changes to retirement age, and three-year final compensation provisions. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays, and purchases of service credit.

PEPRA applies to all State and local public retirement systems, including county and district retirement systems created pursuant to the County Employees Retirement Law of 1937, independent public retirement systems, and to individual retirement plans offered by public employers. PEPRA only exempts the University of California system and certain charter cities and counties whose pension plans are not governed by State law. Because the County's retirement system is governed by the County Employees Retirement Law of 1937, LACERA is required to comply with the provisions of PEPRA.

As a result of PEPRA, the County implemented General Plan G and Safety Plan C for new hires, effective January 1, 2013. Based on the June 30, 2015 Actuarial Valuation (the "2015 Actuarial Valuation"), the total employer contribution rate for new employees hired on and after January 1, 2013 is 16.07% for General Plan G and 21.93% for Public Safety Plan C. The new employer contribution rates are lower than the comparative rates of 16.19% for General Plan D participants and 22.97% for Public Safety Plan B participants. The basic benefit structure of Plan G using the PEPRA funding formula is "2.5% at 67" and provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions for members who retire at age 61 or older. For Safety Plan C, the benefit structure is a "2.7% at 57" formula that provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions beginning at age 50. Overall, the implementation of General Plan G and Safety Plan C is expected to result in a slight decrease to the total normal cost rate and an increase in the average member contribution rate, thus resulting in a decrease in the total employer contribution rate.

Contributions

Employers and members contribute to LACERA based on rates recommended by the independent actuary (using the Entry Age Normal Cost Funding Method) and adopted by the Board of Investments of LACERA (the "Board of Investments") and the County's Board of Supervisors. Contributory plan members are required to contribute between 5% and 15% of their annual covered salary. Employers and participating agencies are required to contribute the remaining amounts necessary to finance the coverage of their employees (members) through monthly or annual pre-funded contributions at actuarially determined rates. The annual contribution rates are based on the results of investments and various other factors set forth in the actuarial valuations and investigations of experience, which are described below.

Investment Policy

The Board of Investments has exclusive control of all Retirement Fund investments and has adopted an Investment Policy Statement. The Board of Investments is comprised of four active and retired members and four public directors appointed by the Board of Supervisors. The County Treasurer and Tax Collector serves as an ex-officio member. The Investment Policy Statement establishes LACERA's investment policies and objectives and defines the principal duties of the Board of Investments, investment staff, investment managers, master custodian, and consultants.

Actuarial Valuation

The Retirement Law requires the County to contribute to the Retirement Fund on behalf of employees using rates determined by the plan's independent actuary, which is currently Milliman Consultants and Actuaries ("Milliman"). Such rates are required under the Retirement Law to be calculated at least once every three years. LACERA presently conducts annual valuations to assess changes in the Retirement Fund's portfolio.

In June 2002, the County and LACERA entered into the Retirement Benefits Enhancement Agreement (the "2002 Agreement") to enhance certain retirement benefits in response to changes to State programs enacted in 2001 and fringe benefit changes negotiated in 2000. However, unlike other local governments in California, the County did not agree to major increases in pension benefits as part of its 2002 Agreement. The 2002 Agreement, which expired in July 2010, provided for a 30-year rolling amortization period for any unfunded actuarial accrued liability ("UAAL"). UAAL is defined as the actuarial accrued liability ("AAL") minus the actuarial value of the assets of LACERA at a particular valuation date.

When measuring assets to determine the UAAL, the County has elected to "smooth" gains and losses to reduce the potential volatility of its funding requirements. If in any year, the actual investment return on the Retirement Fund's assets is lower or higher than the current actuarial assumed rate of return, then the shortfall or excess is smoothed, or spread, over a multi-year time period. The impact of this valuation method will result in "smoothed" assets that are lower or higher than the market value of assets depending on whether the remaining amount to be smoothed is either a net gain or a net loss.

In December 2009, the Board of Investments adopted a new Retirement Benefit Funding Policy (the "2009 Funding Policy"), which amended the terms of the 2002 Agreement. The impact of the 2009 Funding Policy on the LACERA plans was reflected in the June 30, 2009 Actuarial Valuation prepared by Milliman. The two most significant changes in the 2009 Funding Policy are described as follows:

- Asset Smoothing Period: The smoothing period to account for asset gains and losses increased from three years to five years. This initially resulted in a higher Funded Ratio (as determined by dividing the valuation assets by the AAL) and a lower contribution rate than would have been calculated under the previous three-year smoothing period.

- Amortization Period: The UAAL is amortized over a closed thirty-year layered period, compared to an open thirty-year period under the 2002 Agreement. If LACERA achieves a

Funded Ratio in excess of 100%, the surplus funding position will be amortized over a thirty-year open period.

In addition to annual actuarial valuations, LACERA requires its actuary to review the reasonableness of the economic and non-economic actuarial assumptions every three years. This review, commonly referred to as the Investigation of Experience, is accomplished by comparing actual results during the preceding three years to what was expected to occur according to the actuarial assumptions. On the basis of this review, the actuary recommends whether any changes in the assumptions or methodology would allow a more accurate projection of total benefit liabilities and asset growth. Based on the Investigation of Experience for the three-year period ended June 30, 2010, (the "2010 Investigation of Experience"), Milliman recommended that the Board of Investments consider the adoption of some key changes to the economic assumptions related to inflation and investment returns, and other minor changes to the demographic assumptions.

In October 2011, based on the 2010 Investigation of Experience, the Board of Investments decided to lower the assumed investment rate of return from 7.75% to 7.5%, and to phase in the reduction over a three-year period commencing as of June 30, 2011. The assumed rates of return were adjusted to 7.7%, 7.6% and 7.5% for the June 30th year-end actuarial valuations in 2011, 2012 and 2013, respectively.

In December 2013, Milliman released the 2013 Investigation of Experience for Retirement Benefit Assumptions (the "2013 Investigation of Experience"). The 2013 Investigation of Experience provided the basis for Milliman's recommended changes to the actuarial assumptions in the June 30, 2013 Actuarial Valuation (the "2013 Actuarial Valuation"). The key changes to the actuarial assumptions proposed by Milliman included a reduction in the assumed investment rate of return from 7.5% to 7.25%; reductions in the assumed rates for wage growth and price inflation from 3.75% and 3.25% to 3.5% and 3.0%, respectively; and a reduction in the mortality rate (increase in life expectancy) for all retirees. In December 2013, the Board of Investments approved Milliman's recommended changes to the actuarial assumptions to be used in the 2013 Actuarial Valuation, with the exception of the assumed rate of return, which remained unchanged at 7.5%.

UAAL and Deferred Investment Returns

For the June 30, 2014 Actuarial Valuation (the "2014 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 16.8%, which was significantly higher than the 7.50% assumed rate of return. As a result of the strong investment performance, the market value of Retirement Fund Assets increased by $5.949 billion or 14.2% to $47.722 billion as of June 30, 2014. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $3.722 billion or 9.3% from $39.932 billion to $43.654 billion as of June 30, 2014. The 2014 Actuarial Valuation reported that the AAL increased by $1.695 billion to $54.942 billion, but the UAAL decreased by $2.027 billion to $11.288 billion from June 30, 2013 to June 30, 2014.

With the strong performance of Retirement Fund assets in Fiscal Year 2013-14 and the recognition of significant deferred actuarial investment gains, the Funded Ratio increased from 75.0% to 79.5% as of June 30, 2014.

The 2014 Actuarial Valuation provided the basis for establishing the contribution rates effective July 1, 2015. The County's required contribution rate decreased from 21.34% to 19.33% of covered payroll in Fiscal Year 2015-16. The decrease in the contribution rate is comprised of a decrease in the funding requirement to finance the UAAL over 30 years from 11.90% to 10.04%, and a decrease in the normal cost contribution rate from 9.44% to 9.29%.

The 2014 Actuarial Valuation did not include $3.569 billion of net deferred investment gains that will be partially recognized and available to offset future actuarial investment losses over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 86.0% as of June 30, 2014, and the required County contribution rate would have been 16.23% for Fiscal Year 2015-16.

For the June 30, 2015 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 4.3%, which was lower than the 7.50% assumed rate of return. As a result of the weaker than assumed investment performance, the market value of Retirement Fund Assets increased by only $1.096 billion or 2.3% to $48.818 billion as of June 30, 2015. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $3.674 billion or 8.4% from $43.645 billion to $47.328 billion as of June 30, 2015. The 2015 Actuarial Valuation reported that the AAL increased by $1.877 billion to $56.819 billion, but the UAAL decreased by $1.797 billion to $9.490 billion from June 30, 2014 to June 30, 2015.

Due to the recognition of significant deferred actuarial investment gains, which more than offset the weaker than assumed investment performance, the Funded Ratio increased from 79.5% to 83.3% as of June 30, 2015.

After reaching a cyclical high of 94.5%, prior to the economic downturn, the Funded Ratio declined steadily from June 30, 2008 to June 30, 2013. The steady decline in the Funded Ratio over the five-year period was primarily driven by continuous growth in the AAL and the partial recognition of significant actuarial investment losses in Fiscal Years 2008-09 and 2011-12 (especially the losses in Fiscal Year 2008-09). The $10.428 billion of actuarial investment losses incurred in Fiscal Year 2008-09 were fully accounted for in the valuation of the Retirement Fund as of June 30, 2013. The increase in the Funded Ratio as of June 30, 2015, represents the second consecutive year of improved funding for the Retirement Fund since June 30, 2007.

The 2015 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2016. The County's required contribution rate will decrease from 19.33% to 17.77% of covered payroll in Fiscal Year 2016-17. The decrease in the contribution rate is comprised of a decrease in the funding requirement to finance the UAAL over 30 years from 10.04% to 8.49%, and a decrease in the normal cost contribution rate from 9.29% to 9.28%.

The 2015 Actuarial Valuation does not include $980 million of net deferred investment gains that will be partially recognized and available to offset any future actuarial investment losses over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 85.0% as of June 30, 2015, and the required County contribution rate would have been 16.97% for Fiscal Year 2016-17.

As of December 31, 2015, LACERA reported a -2.7% fiscal year to date return on Retirement Fund assets, which is significantly below the actuarial assumed investment rate of return of 7.5%. The asset allocation percentages for the Retirement Fund as of

December 31, 2015 were 26.2% domestic equity, 23.2% international equity, 23.6% fixed income, 12.0% real estate, 9.4% private equity, 1.7% commodities, 2.1% hedge funds and 1.8% cash.

An eight-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio"), and a summary of investment returns for the prior eight years is presented in Table 2 ("Investment Return on Retirement Plan Assets") on page A-11.

Pension Funding

Since Fiscal Year 1997-98, the County has funded 100% of its annual required contribution to LACERA. In Fiscal Years 2012-13 and 2013-14, the County's total contributions to the Retirement Fund were $1.119 billion and $1.263 billion, respectively. In Fiscal Year 2014-15, the County's required contribution payments increased by over $167 million to $1.430 billion. For Fiscal Year 2015-16, the County is estimating retirement contribution payments to LACERA of $1.376 billion, which would represent a 3.8% or $54.0 million decrease from Fiscal Year 2014-15.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2016 is presented in Table 3 ("County Pension Related Payments") on page A-11.

During the early and mid-1990's, the County relied heavily upon the use of excess earnings to fund all or a portion of its annually required contribution to LACERA. The County's excess earnings were generated as a result of an agreement between the County and LACERA, which allowed the County to share in Retirement Plan earnings (through June 30, 1998) in excess of the actuarial assumed rate of return. Beginning in 1996, the County embarked on a multi-year plan to lessen its reliance on excess earnings by systematically increasing its net County cost to the Retirement Plan. The required contribution for Fiscal Year 2007-08 represented the first year that excess earnings were not used to fund the County's required contribution. The remaining balance of excess earnings maintained with LACERA (the "County Contribution Credit Reserve") was $470.71 million as of June 30, 2012. The County Contribution Credit Reserve was never included in the actuarial valuation of Retirement Fund assets. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve to fund the establishment of an OPEB trust. As of June 30, 2015, the remaining balance in the County Contribution Credit Reserve was $21.891 million, all of which is attributable to the Los Angeles County Superior Court.

STAR Program

The Supplemental Targeted Adjustment for Retirees program ("STAR Program") is a discretionary program that provides a supplemental cost-of-living increase from excess earnings to restore retirement allowances to 80% of the purchasing power held by retirees at the time of retirement. As of June 30, 2015, $614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, there is no corresponding liability for any STAR Program benefits in the 2015 Actuarial Valuation that may be granted in the future. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would have increased from 17.77% to 18.28% for Fiscal Year 2016-17, and the Funded Ratio would have decreased from 83.3% to 82.2% as of June 30, 2015. The exclusion of the STAR Program Reserve from the valuation assets would require the County to increase its required contribution to LACERA by approximately $35.7 million in Fiscal Year 2016-17.

Pension Obligation Securities

In California, the obligation of the County to fund the UAAL by making actuarially required contributions is an obligation imposed by State Law. The County previously issued pension obligation bonds and certificates in 1994 and transferred the proceeds to LACERA to finance its then-existing UAAL. All of the outstanding pension obligation bonds and certificates related to the 1994 financing were repaid in full as of June 30, 2011.

New Pension Accounting Standards

In June 2012, the Governmental Accounting Standards Board ("GASB") issued new statements to replace the existing pension accounting and reporting requirements for defined pension benefit plans such as LACERA, and employers such as the County. GASB Statement No. 67, Financial Reporting for Pension Plans, replaces the requirements of GASB Statement No. 25 and is focused on pension plan administrators such as LACERA. GASB 67 was implemented with the issuance of LACERA's Fiscal Year 2013-14 financial statements and expanded the pension-related note disclosures and supplementary information requirements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, has replaced the requirements of GASB Statement No. 27 and is focused on employers that provide defined pension benefits such as the County. GASB 68 has been implemented with the issuance of the County's Fiscal Year 2014-15 financial statements. Although GASB 68 does not materially affect the existing process for calculating the UAAL, it requires the County to recognize a net pension liability directly on the Statement of Net Position (government-wide balance sheet). The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) held by LACERA to pay pension benefits. The new requirement to recognize a liability in the financial statements represents a significant and material change to the existing standards, which previously, only required the disclosure of such amounts in the notes to the financial statements. GASB 68 also includes additional requirements, which have expanded the existing pension-related note disclosures and supplementary information requirements.

The new GASB pension standards are only applicable to the accounting and reporting for pension benefits in the County's financial statements. Accordingly, there will be no impact on the County's existing statutory obligations and policies to fund pension benefits.

Postemployment Health Care Benefits

LACERA administers a health care benefits program for retirees under an agreement with the County. The program includes medical, dental, vision and life insurance benefit plans for over 88,000 retirees or survivors and their eligible dependents. The Board of Retirement reserves the right to amend or revise the medical plans and programs under the retiree health program at any time. County payments for postemployment benefits are calculated based on the employment service credit of retirees, survivors, and dependents. For eligible members with 10 years of service credit, the County pays 40% of the health care plan premium. For each year of service credit beyond 10 years, the County pays an additional 4% of the plan premium, up to a maximum of 100% for a member with 25 years of service credit.

In Fiscal Years 2012-13 and 2013-14, total payments from the County to LACERA for postemployment health care benefits were $441.1 million and $447.0 million, respectively. In Fiscal Year 2014-15, payments to LACERA for retiree health care increased to $450.2 million. For Fiscal Year 2015-16, the County is projecting $507.1 million in retiree health care payments to LACERA, which would represent a 12.7% or $57.0 million increase from Fiscal Year 2014-15.

Financial Reporting for Other Postemployment Benefits

The Governmental Accounting Standards Board ("GASB") has issued two statements that address other postemployment benefits ("OPEB"), which are defined to include many post-retirement benefits other than pension-related benefits. Health care and disability benefits are the most significant of these benefits provided by the County.

GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans ("GASB 43"), established financial reporting standards for OPEBs in a manner similar to those currently in effect for pension benefits. GASB 43 is focused on the entity that administers such benefits (which, in the case of the County, is LACERA) and requires an actuarial valuation to determine the funded status of accrued benefits. LACERA has complied with GASB 43 requirements for all annual reporting periods beginning with the Fiscal Year ended June 30, 2008.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45"), establishes financial reporting standards designed to measure, recognize, and disclose OPEB costs. GASB 45 is focused on the County's financial statements, and related note disclosures, and is intended to associate the costs of the OPEB with the periods in which employee services are rendered in exchange for the OPEB. Starting with the June 30, 2008 Comprehensive Annual Financial Report ("CAFR"), the County implemented the requirements of GASB 45 in its financial reporting process.

The core requirement of GASB 45 is that an actuarial analysis must be prepared at least once every two-year period with respect to projected benefits ("Plan Liabilities"), which would be measured against the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, the difference could be amortized over a period not to exceed 30 years. GASB 45 does not require the funding of any OPEB liability related to the implementation of this reporting standard.

OPEB Actuarial Valuation

In order to comply with the requirements of GASB 43 and GASB 45, LACERA engaged Milliman to complete actuarial valuations of OPEB liabilities for the LACERA plans. In their OPEB valuations, Milliman has provided a determination of the AAL for LACERA's health, dental, vision and life insurance benefits plan. The County's members comprise approximately 95% of LACERA's retiree population and the County is responsible for this percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions used in the OPEB valuations are modeled on the assumptions used by LACERA for its pension program. The healthcare cost assumptions are based on discussions with other consultants and actuaries used by the County, LACERA and labor groups.

In accordance with the requirements of GASB 43, Milliman completed an OPEB actuarial valuation report as of July 1, 2010 (the "2010 OPEB Valuation"), which was issued in March 2011. In the 2010 OPEB Valuation, Milliman reported an AAL of $24.031 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability was $22.94 billion, which represented a 9.8% increase from the 2008 OPEB Valuation. The OPEB ARC as of July 1, 2010 was estimated to be $1.938 billion, which represented 28.79% of the County's payroll costs, and an 11.4% increase from the prior OPEB Valuation.

In May 2013, Milliman released the next OPEB actuarial valuation report ("the 2012 OPEB Valuation") as of July 1, 2012. In the 2012 OPEB Valuation, Milliman reported an AAL of $26.953 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability was $25.733 billion, which represented a 12.2% increase from the 2010 OPEB Valuation. The OPEB ARC as of July 1, 2012 was estimated to be $2.126 billion, which represented 32.07% of the County's payroll costs and a 9.7% increase from the 2010 OPEB Valuation. The increase in the County's OPEB liability from 2010 to 2012 was the result of several offsetting factors, with the most significant factor being a reduction in the discount rate from 5% to 4.35%.

For the Fiscal Year ended June 30, 2013, the County reported an OPEB ARC of $2.162 billion, which represented a $174 million or 8.8% increase from June 30, 2012. The OPEB ARC was partially offset by $927.5 million in County payment contributions (including the $448.8 million transfer from the County Contribution Credit Reserve), which resulted in an increase in the net OPEB obligation of $1.235 billion in Fiscal Year 2012-13. The net OPEB obligation of $8.154 billion as of June 30, 2013 represented a 17.8% increase from the $6.919 billion obligation reported as of June 30, 2012. Excluding the transfer from the County Contribution Credit Reserve, the remaining "pay as you go" contribution of $478.7 million represented approximately 22% of the County's OPEB ARC, which is consistent with the funding level in Fiscal Year 2011-12.

For the Fiscal Year ended June 30, 2014, the County reported an OPEB ARC of $2.178 billion, which represents a $16 million or 0.74% increase from June 30, 2013. The OPEB ARC was partially offset by $484.3 million in County "pay as you go" contributions, which resulted in an increase in the net OPEB obligation of $1.694 billion in Fiscal Year 2013-14. The net OPEB obligation of $9.848 billion as of June 30, 2014 represents a 20.8% increase from the $8.154 billion obligation reported as of June 30, 2013. The "pay as you go" County contribution represents 22.2% of the County's OPEB ARC, which is consistent with the funding level in Fiscal Year 2012-13.

In June 2015, Milliman released the most recent OPEB actuarial valuation report ("the 2014 OPEB Valuation") as of July 1, 2014. In the 2014 OPEB Valuation, Milliman reported an AAL of $28.547 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $27.288 billion, which represents a 6.0% increase from the 2012 OPEB Valuation. The OPEB ARC as of July 1, 2014 is estimated to be $2.152 billion, which represents 31.82% of the County's payroll costs and a 1.2% increase from the 2012 OPEB Valuation. The increase in the County's OPEB liability from 2012 to 2014 was the result of several offsetting factors, with the most significant factors being a reduction in the discount rate from 4.35% to 3.75% and lower than expected increases in health insurance premiums.

For the Fiscal Year ended June 30, 2015, the County reported an OPEB ARC of $2.177 billion, which represents a $933,000 or 0.04% decrease from June 30, 2014. The OPEB ARC was partially offset by $490.0 million in County "pay as you go" contributions, which resulted in an increase in the net OPEB obligation of $1.687 billion in Fiscal Year 2014-15. The net OPEB obligation of $11.535 billion as of June 30, 2015 represents a 17.1% increase from the $9.848 billion obligation reported as of June 30, 2014. The "pay as you go" County contribution represents 22.5% of the County's OPEB ARC, which is consistent with the funding level in Fiscal Year 2013-14.

Funding for Other Postemployment Benefits

In May 2012, the Board of Supervisors approved the establishment of a tax-exempt OPEB trust pursuant to a Trust and Investment Services Agreement (the "OPEB Trust") between LACERA and the County. In accordance with the OPEB Trust, the LACERA Board of Investments will function as the trustee and investment manager, and the Board of Supervisors will have exclusive discretion over the amount of contributions and/or transfers the County may invest or allocate to the OPEB Trust. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve for the initial funding of the OPEB Trust. The balance of the OPEB Trust as of June 30, 2015 was $488.4 million, consisting of $388.3 million in equity securities and $100.1 million in fixed income securities.

On June 22, 2015, the Board of Supervisors approved a multi-year plan to begin pre-funding the County's unfunded OPEB liability. The plan requires the County to begin the process to fully fund the OPEB ARC by incrementally increasing the annual contribution to the OPEB Trust. For Fiscal Year 2015-16, the County is projecting a contribution to the OPEB Trust in the amount of $23.969 million, which will be funded by a $10 million Net County Cost ("NCC") contribution from the General Fund and $13.969 million of subvention revenue received from Federal, State and other local government entities. In future fiscal years, the County expects to incrementally increase its OPEB funding by $60 million per year, including an annual $25 million increase in the NCC contribution from the General Fund and a $35 million annual increase funded by subvention revenue. Based on the 2014 OPEB Valuation, the County will need to increase its annual OPEB contribution to more than $1.7 billion from the current $500 million pay-as-you-go funding amount in order to fully fund its OPEB ARC on an annual basis. Given current projections for the funding plan, the OPEB ARC would be fully funded by Fiscal Year 2027-28.

In January 2016, LACERA transferred $50 million to the OPEB Trust from an excess retiree health premium reserve account. The transaction was initiated by LACERA, and is un-related to the County's multi-year funding plan for the OPEB Trust.

The County reached an agreement with CCU and SEIU to add a new tier of retiree healthcare benefits for employees who begin County service on or after July 1, 2014. Under the new agreement, the County will provide paid medical coverage at the retiree only premium level and not at the current level of full family coverage. The retiree will have the option to purchase coverage for dependents, but the County will only provide a financial subsidy to the retiree. In addition, Medicare-eligible retirees will be required to enroll in Medicare, with the County subsidy based on a Medicare supplement plan. The same vesting rights and years of service crediting formula of 40% after 10 years and 100% after 25 years will still apply to the new tier. The agreement will not affect current retirees or current employees hired prior to July 1, 2014. The new retiree healthcare benefit tier is projected to save an estimated $840 million over the next 30 years and reduce the unfunded liability for retiree healthcare by 20.8%. The agreement was approved by the Board of Retirement and by the Board of Supervisors in June 2014.

On April 30, 2014, the California Supreme Court declined to consider an appeal by a retired City of San Diego employee regarding changes to retirement healthcare benefits. The Supreme Court's denial of the appeal effectively upholds an appellate court ruling affirming the city's ability to modify non-vested retiree healthcare benefits, and further establishes a difference between the treatment of retiree healthcare benefits and pension benefits under State law. Public pension benefits in California have much stronger legal protection, and reform options are generally limited to lowering benefit formulas for future employees only. In contrast, California municipalities can reduce OPEB benefits provided that State collective bargaining laws are followed and that benefits were not established as vested contractual rights. The Supreme Court action is expected to provide California public entities with future budgetary flexibility to manage or change their OPEB liabilities.

Long-Term Disability Benefits

In addition to its Retirement Plan, the County administers a Disability Benefits Plan ("DBP") that is separate from LACERA. The DBP covers employees who become disabled as a direct result of an injury or disease while performing assigned duties. Generally, the long-term disability plans included in the DBP provide employees with a basic monthly benefit of between 40% and 60% of such employee's monthly compensation, commencing after 6 months of disability. The benefits under these plans normally terminate when the employee is no longer totally disabled or turns age 65, whichever occurs first. The health plans included in the DBP generally cover qualified employees who are sick or disabled and provide for the payment of a portion of the medical premiums for these individuals.

The County has determined that the liability related to long-term disability benefits is an additional OPEB obligation, which is reported as a component of the OPEB ARC in the CAFR. Following completion of the original OPEB Valuation, the County engaged Buck Consultants to prepare actuarial valuations of the long-term disability portion of its DBP as of July 1, 2009, July 1, 2011 (the "2011 LTD Valuation") and July 1, 2013 (the "2013 LTD Valuation"). In the 2013 LTD Valuation, the AAL for the County's long-term DBP was $946 million, which represents a 7.2% decrease from the $1.019 billion AAL reported in the 2011 LTD Valuation. Based on the 2013 LTD Valuation, the June 30, 2014 net OPEB obligation of $9.848 billion includes $231.5 million for long-term disability benefits. As of June 30, 2015, the County's net OPEB obligation of $11.535 billion includes $271.8 million for long-term disability benefits.

In Fiscal Years 2013-14 and 2014-15, the County made total DBP payments of $37.3 million and $39.9 million, respectively. For Fiscal Year 2015-16, the County is estimating DBP payments of $41.8 million. The annual "pay-as-you-go" DBP payments are accounted for as an offset to the County's OPEB obligation.

LITIGATION

The County is a party to numerous cases. The following are summaries of the most significant pending legal proceedings, as reported by the Office of the County Counsel. A further discussion of legal matters that directly affect the budget and the revenue generating powers of the County is provided in the Budgetary Information section of Appendix A.

Wage and Hour Cases

In 2007 and 2008, several collective action lawsuits were filed against the County by Deputy Sheriffs, the Association for Los Angeles Deputy Sheriffs ("ALADS") and the Los Angeles County Professional Peace Officers Association (the "PPOA"). In 2010, the County was able to successfully defeat the "class certification" in the PPOA lawsuit based on a recent decision from the Ninth Circuit in *Bamonte v. City of Mesa,* which held that the time police officers spend before and after their paid shifts donning and doffing their police uniforms and related protective gear is not compensable under the Federal Fair Labor Standards Act ("FLSA") as long as the officers have the option and ability to don and doff their uniform and gear off of the employer's premises. Following the *Bamonte* decision, both ALADS and PPOA filed "class action grievances" under their respective Memorandums of Understanding against the County. These collective action lawsuits and grievances seek to recover compensation for overtime related to performing pre-shift and post-shift employment activities such as preparing patrol cars, preparing reports, working through meal times and other such activities which occurred "off the clock." Taken together, the number of claimants in the collective actions exceeded 3,000, and there is the potential that the number of claimants to the class grievances may include as many as 9,000 public safety personnel. The initial PPOA class action lawsuit settled for a total of $60,000. In August 2012, a Federal court granted the County's motion with regard to most of the plaintiffs' claims in the two remaining collective actions and granted the County's motion to decertify the collective classes, which resulted in the dismissal of all of the "opt-in" plaintiffs. Following the Federal court's ruling, the plaintiffs in the ALADS case dismissed that case in its entirety, leaving the remaining PPOA case with only three remaining plaintiffs and significantly reducing the County's liability exposure. The County filed a State court action challenging the proposed proceedings involving the class grievances. The State court granted the County's petition for writ of mandate, essentially precluding the cases from proceeding as class grievances. The balance of the State litigation is still in the early stages of the legal process.

Public Safety Cases

Two lawsuits were filed against the County in 2011 and another in 2013, related to allegations that each of the plaintiffs had been falsely convicted of murder and served over twenty years in prison. The Courts subsequently ordered new trials based on new evidence. In regard to the 2011 lawsuits, one case was re-tried and the plaintiff was acquitted, and in the other case, the District Attorney decided not to retry the plaintiff. In regard to the 2013 lawsuit, the District Attorney has not yet decided if the original case will be retried. The potential liability exposure to the County is estimated to be $15 million for both lawsuits.

On December 16, 2014, the Board of Supervisors entered into a settlement agreement in the *Rosas v. Baca, et al.* lawsuit. *Rosas v. Baca, et al* was a Federal court class action lawsuit filed by the American Civil Liberties Union alleging a pattern and practice of excessive use of force in the County jails. Under the terms of the agreement, the Sheriff Department will implement various reforms recommended by the court-appointed *Rosas* Monitors. The settlement agreement requires that the Sheriff Department comply with various recommendations by specific target dates. The County continues to make progress toward compliance with these recommendations.

On June 4, 2014, the U.S. Department of Justice (the "DOJ") issued a public report alleging that systemic deficiencies related to suicide prevention and mental health care existed in the County jails, and that those deficiencies violated inmates' constitutional rights. The Sheriff's Department ("Department") and the Department of Mental Health ("DMH") have reached a proposed settlement with the DOJ concerning the DOJ's allegations that the County and Department are violating inmates' constitutional rights with respect to mental health services and suicide prevention in the County's jails ("Jails") as well as DOJ's concerns about the use of excessive force in the Jails. At this time, the cost of compliance for both this DOJ matter, and *Rosas* is still being evaluated.

Health and Social Services Cases

In February, 2014, Sutherland Health Care Solutions, a County contract provider that provides claim and billing services to the Department of Health Services was the victim of a commercial burglary in which a number of desktop computers were stolen. The burglary resulted in the breach of approximately 338,000 individual patient accounts. Four separate class action lawsuits were originally filed against the County and Sutherland Health Care Solutions: *A. Doe v. Sutherland Healthcare Solutions, et al., Harasim et al., v. County of Los Angeles, et al., Rogers, et al., v. Sutherland Healthcare Solutions, Inc. et al, and Kamon, et al, v. Sutherland Healthcare Solutions, Inc. et.al*. The Harasim plaintiff voluntarily dismissed its case, reducing the number of pending cases to three, which have been consolidated. Under the State's California Medical Information Act, the plaintiff can assert both nominal and actual damages, as well as seek attorney fees. While the plaintiffs may also assert punitive damages, the County would not be subject to payment on such claims. Nominal damages and attorney fees could exceed $700 million. Should the State exercise regulatory damages and civil penalties, those amounts could be $2,500 for each violation. The litigation is in the discovery stage. The County expects to be indemnified by Sutherland Health Care Solutions to the fullest extent possible.

On April 8, 2014, a class action lawsuit entitled *Guillory, et al. v. County of Los Angeles* was filed in the Los Angeles Superior Court alleging that the County's administration of its General Relief program has been contrary to both State and federal law. The County corrected the alleged deficiencies and negotiated a settlement in the amount of $7.9 million to be distributed to class members, as well as a fee award to class counsel in an amount not to exceed $400,000. The claims period has ended, and the County is awaiting court approval for the distribution of unclaimed funds.

Property Tax Cases

In 2008, in *Los Angeles Unified School District v. County of Los Angeles, et al.,* the school district alleged that the Auditor-Controller improperly calculated statutory pass through payments related to the Educational Revenue Augmentation Fund ("ERAF") that were payable to LAUSD under redevelopment law. The Court of Appeal reversed a trial court decision in favor of the County, and the County's petition for review was denied by the California Supreme Court. On remand in January 2012, the trial court issued a decision in favor of the County regarding calculation of the statutory payments, which temporarily reduced the County's exposure. On September 7, 2012, LAUSD appealed the trial court's ruling. On June 26, 2013, the Court of Appeal reversed the trial court ruling and sided with LAUSD, holding that the statutory payments to LAUSD should have included a higher share of the ERAF revenue diverted by the "Triple Flip" and Vehicle License Fee swap legislation. The California Supreme Court denied the County's petition for review in October 2013. The Court of Appeal's decisions have resulted in higher statutory pass through payments to school districts and lower pass through payments to the County. Three other districts, Los Angeles Community College District, Montebello Unified School District, and Long Beach Unified School District, subsequently filed lawsuits with the same allegations litigated by LAUSD. The three cases were stayed until August 14, 2014 to allow for a settlement of all litigation concerning this issue. The estimated County General Fund exposure from the lawsuits by the three districts is $18 million. The estimated County General Fund exposure from the LAUSD lawsuit is $52 million. The total estimated County exposure (including separate agencies governed by the same County officials) is $80 million. The County has reserved $80 million for the expected resolution of these lawsuits. A partial settlement of the lawsuit is currently being negotiated.

In September 2011, a lawsuit entitled *City of Cerritos et al, v. State of California, et al* was filed against the State and other defendants, including the County. The lawsuit challenged the constitutionality of the redevelopment dissolution legislation (ABx1 26). If the petitioners had prevailed, the court could have retroactively reinstated redevelopment agencies and required the County to return any residual property tax revenue received from the Redevelopment Property Tax Trust Fund (RPTTF). The County estimated the potential liability of this case to be $789 million. The Court of Appeals rejected the plaintiffs' allegations of unconstitutionality of the legislation and sent the case back to the trial court for a final court order in favor of the State of California and all respondents. The final ruling in favor of the State and the other respondents is not subject to further appeal, and the County has no liability related to this lawsuit.

Other Litigation

In March, 2008, a lawsuit entitled Natural Resources Defense Council, Inc., et al., v. County of Los Angeles, et al., was filed against the County and the Los Angeles County Flood Control District (the "LACFCD") under the citizen suit provision of the Federal Clean Water Act. The plaintiffs sought injunctive relief, civil penalties and attorneys' fees for alleged violations of water quality standards contained in a municipal stormwater permit. The case was bifurcated to first determine liability and then remedies. The District Court found that the County and the LACFCD had violated water quality standards in the ocean near Malibu, California. A partial summary judgment was granted to the County and LACFCD on all other claims, which plaintiffs appealed to the Ninth Circuit. After multiple appellate proceedings, the Ninth Circuit partially overturned the District Court's ruling, finding the County and LACFCD liable for water quality violations on two out of four watershed claims, and remanded the case to the District Court for further proceedings on the three total claims for which the County and LACFCD have been found to be liable.

The District Court dismissed plaintiffs' prayer for injunctive relief as moot, determined that the County is liable for 224 violations and the LACFCD for 274 violations, and set a trial date to determine an appropriate award of civil penalties and attorneys' fees. The maximum civil penalty that can be awarded for each violation ranges from $27,500 to $37,500 depending on the date of the violation. The County estimates the maximum award of statutory penalties to be approximately $7.6 million for the County and approximately $9.2 million for the LACFCD, but that penalties would likely be significantly lower due to mitigating factors. The plaintiffs will also be entitled to substantial attorneys' fees. The plaintiffs claim the current amount of their attorneys' fees exceeds $6 million, but the County and the LACFCD are disputing that amount. The plaintiffs have filed a notice of appeal of the dismissal of the request for injunctive relief and the District Court has stayed further trial proceedings pending resolution of the appeal. Any award against the County will be paid from the County General Fund, and any award against the LACFCD will be paid from a separate fund attributable to the LACFCD.

In October 2011, Accent Builders, Inc. ("ABI"), the general contractor for the construction of the La Plaza de Cultura y Artes cultural museum project, sued the County for breach of contract. The County cross-complained against ABI and its alter-ego and subcontractor Superior Gunite, Inc. ("SGI"), for breach of contract and violation of the False Claims Act ("FCA"). SGI was dismissed from the action on January 7, 2014, after the trial court granted ABI's and SGI's demurrer as to the FCA claim. Following a bench trial, ABI obtained a damages award of $3.738 million, plus $2.028 million in attorneys' fees, costs, and prejudgment interest, resulting in a total judgment against the County of $5.766 million. The County's earlier-filed appeal of SGI's judgment was decided in favor of the County, with the Court of Appeal ruling that the trial court erred in sustaining SGI's demurrer. The County also appealed the ABI judgment on the grounds that the trial court used the wrong measure of damages, and that the trial erroneously dismissed the County's FCA claims against ABI. ABI appealed the judgment in regards to the court's reduction, by half, of the amount of attorneys' fees, costs, and prejudgment interest sought by ABI. After the appeals were filed and before the appellate briefing commenced, the parties entered into mediation and agreed to a final payment by the County to ABI of $5.785 million, which was the judgment amount plus $18,945, with ABI giving up post-judgment interest and attorneys' fees of over $500,000. The Board of Supervisors approved the proposed settlement on October 27, 2015. Final payment of the agreed-upon sum was made on November 20, 2015.

In January, 2014, the Board of Supervisors voted to add a rooftop cross to the existing image of the San Gabriel Mission depicted on the County's official seal. The intent of the Board of Supervisors, as reflected in a motion to add the cross, was for the depiction of the San Gabriel mission on the County seal to be artistically and architecturally correct in order to accurately reflect the cultural and historical role that the Mission played in the development of the Los Angeles County region. In February 2014, the American Civil Liberties Union, on behalf of a number of plaintiffs, filed an equitable relief action entitled *Davies v. County of Los Angeles* in federal court, challenging the Board's action. The lawsuit primarily asserts that the Board's action to add a cross to the County seal violates the Establishment Clause of the United States Constitution and the California Constitution by demonstrating a preference for Christianity over all other religions and non-religions. A one-day trial was held on November 12, 2015. At the conclusion of the trial, the case was submitted and is currently awaiting a decision from the court.

Federal and State Audits

In February 2016, the Internal Revenue Service (IRS) initiated a compliance examination of the County's 2014 payroll tax returns and Form 1099 submissions. The County expects the examination will include a comprehensive review of County salaries, employee benefits, and payments to vendors to determine compliance with federal tax laws and regulations. The IRS informed the County its scope of review would not include federal tax laws on County tax-exempt debt obligations. The County believes it is substantially in compliance with all tax regulations and that the outcome of the examination will not have a material effect on the County's financial condition.

Pending Litigation

There are a number of other lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims that are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt obligations.

TABLE 1: RETIREMENT PLAN UAAL AND FUNDED RATIO
(in thousands)

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2008	$38,724,671	$39,662,361	$41,975,631	$2,313,270	94.49%
06/30/2009	30,498,981	39,541,865	44,468,636	4,926,771	88.92%
06/30/2010	33,433,888	38,839,392	46,646,838	7,807,446	83.26%
06/30/2011	39,452,011	39,193,627	48,598,166	9,404,539	80.65%
06/30/2012	38,306,756	39,039,364	51,320,699	12,281,335	76.07%
06/30/2013	41,773,519	39,932,416	53,247,776	13,315,360	74.99%
06/30/2014	47,722,277	43,654,462	54,942,453	11,287,991	79.45%
06/30/2015	48,818,350	47,328,270	56,819,215	9,490,945	83.30%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2015.

TABLE 2: INVESTMENT RETURN ON RETIREMENT PLAN ASSETS
(in thousands)

Fiscal Year	Market Value of Plan Assets	Market Rate of Return	Funded Ratio Based on Market Value
2007-08	$33,724,671	-1.5%	90.1%
2008-09	30,498,981	-18.3%	66.8%
2009-10	33,433,888	11.8%	69.9%
2010-11	39,452,011	20.4%	79.4%
2011-12	38,306,756	0.3%	73.7%
2012-13	41,773,519	12.1%	77.6%
2013-14	47,722,277	16.8%	86.0%
2014-15	48,818,350	4.3%	85.0%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2015.

TABLE 3: COUNTY PENSION AND OPEB PAYMENTS
(in thousands)

Fiscal Year	Pension Payment to LACERA	OPEB Payment to LACERA	Pension Bonds Debt Service	Total Pension & OPEB Payments	Percent Change Year to Year
2008-09	$805,300	$365,424	$320,339	$1,491,063	-4.5%
2009-10	802,500	384,034	358,165	1,544,699	3.6%
2010-11	898,803	406,937	372,130	1,677,870	8.6%
2011-12	1,026,867	424,030	-	1,450,897	-13.5%
2012-13	1,118,514	441,062	-	1,559,576	7.5%
2013-14	1,262,754	446,979	-	1,709,733	9.6%
2014-15	1,430,462	450,202	-	1,880,664	10.0%
2015-16	1,376,490 *	507,192 *		1,883,682	0.2%

Source: Milliman Actuarial Valuations (of LACERA), Los Angeles County CAFRs and County of Los Angeles Chief Executive Office.
* Estimated

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

The County is required by California State Law to adopt a balanced budget by October 2nd of each year. The CEO of the County prepares a preliminary forecast of the County budget based on the current year budget, the State budget, and other projected revenue and expenditure trends. Expanding on this forecast, the CEO prepares a target County budget for the ensuing fiscal year, and projected resources are tentatively allocated to the various County programs and services.

The CEO normally presents the Recommended County Budget to the Board of Supervisors in April. The Board of Supervisors is required to adopt a Recommended Budget no later than June 30th. If a final County Budget is not adopted by June 30th, the appropriations approved in the Recommended Budget, with certain exceptions, become effective for the new fiscal year until the final budget is approved.

The CEO generally recommends revisions to the County Budget after adoption of the final State budget to align County expenditures with approved State funding. After conducting public hearings and deliberating on the details of the budget, the Board of Supervisors is required to adopt the Final County Budget by October 2nd of each year.

Throughout the remainder of the fiscal year, the Board of Supervisors approves various adjustments to the Final County Budget to reflect changes in appropriation requirements and funding levels. The annual revenues from the State and Federal governments are generally allocated pursuant to formulas specified in State and Federal statutes. For budgetary or other reasons, such statutes are often subject to change which may affect the level of County revenues and budgetary appropriations.

COUNTY BUDGET OVERVIEW

The County Budget is comprised of eight fund groups through which the County's resources are allocated and controlled. These groups include the General Fund and Hospital Enterprise Fund (which represents the General County Budget), Special Revenue Funds, Capital Project Special Funds, Special District Funds, Other Enterprise Funds, Internal Services Fund, and Agency Fund.

The General County Budget accounts for approximately 77.0% of the 2015-16 Final Adopted Budget and appropriates funding for programs that are provided on a mostly county-wide basis *(e.g.*, health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis *(e.g.*, law enforcement, planning and engineering).

Special Revenue Funds represent approximately 10.9% of the 2015-16 Final Adopted Budget, and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, and specific automation projects.

Capital Project Special Funds account for approximately 1.3% of the 2015-16 Final Adopted Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for approximately 8.4% of the 2015-16 Final Adopted Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 2.4% of the 2015-16 Final Adopted Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

Article XIIIA of the California Constitution limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed 1% of the "Full Cash Value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes required to pay debt service on voter-approved general obligation bonds. Full Cash Value is defined as the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.

The Full Cash Value is subject to annual adjustment to reflect inflation at a rate not to exceed 2%, or a reduction as shown in the consumer price index (or comparable local data), or a decline in property value caused by damage, destruction or other factors. The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on certain types of indebtedness approved by the voters.

Article XIIIB of the California Constitution limits the amount of appropriations by local governments to "Proceeds of Taxes." The County's appropriation limit for Proceeds of Taxes for Fiscal Year 2015-16 is $20,799,777,985. The 2015-16 Adopted Budget included proceeds from taxes of $7,850,480,333, which is substantially below the statutory limit.

Proposition 62

Proposition 62, a 1986 ballot initiative that amended the California Constitution, requires voter approval of all new taxes or any increases to local taxes. A challenge to taxes subject to Proposition 62 may only be made for those taxes collected beginning one year before a claim is filed. Such a claim is a necessary prerequisite to the filing of a lawsuit against a public entity in California.

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Proposition 218

Proposition 218, a 1996 ballot initiative that added Articles XIIIC and XIIID to the California Constitution, established the following requirements on all taxes and property-related assessments, fees, and charges:

- precluded special purpose districts or agencies, including school districts, from levying general taxes;
- precluded any local government from imposing, extending or increasing any general tax unless such tax is approved by a majority of the electorate;
- precluded any local government from imposing, extending or increasing any special purpose tax unless such tax is approved by two-thirds of the electorate; and
- ensured that voters may reduce or repeal local taxes, assessments, or fees through the initiative process.

An Appellate Court decision determined that Proposition 218 did not supersede Proposition 62. Consequently, voter approval alone may not be sufficient to validate the imposition of general taxes adopted, increased or extended after January 1, 1995.

Proposition 218 also expressly extends to voters the power to reduce or repeal local taxes, assessments, and fees through the initiative process, regardless of the date such charges were imposed. SB 919, the Proposition Omnibus Implementation Act, was enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions to comply with Proposition 218. SB 919 states that the initiative power provided for in Proposition 218 shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution.

In the 2006 case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)*, the State Supreme Court suggested that the initiative power under Proposition 218 is not free of all limitations, and could be subject to restrictions imposed by the contract clause of the United States Constitution. No assurance can be given, however, that voters in the County will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees or charges that are deposited into the County's General Fund. In addition, "fees" and "charges" are not defined by Article XIIIC or SB 919, and the scope of the initiative power under Article XIIIC could include all sources of General Fund revenue not received from or imposed by the Federal or State government or derived from investment income.

Proposition 1A 2004

Proposition 1A 2004, approved by the voters in November 2004, amended the State Constitution by limiting the State's authority to reduce local sales tax rates or alter their method of allocation, shift property tax revenues from local governments to schools or community college districts, or decrease Vehicle License Fee ("VLF") revenues without providing replacement funding. Proposition 1A 2004 further amended the State Constitution by requiring the State to suspend State laws that create unfunded mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. Pursuant to Proposition 1A 2004, the State can no longer reallocate local property tax revenues without triggering a constitutional obligation to repay the local taxing agencies within three years. The State is further prohibited from reallocating local property tax revenues on more than two occasions within a ten-year period.

Proposition 26

On November 2, 2010, voters approved Proposition 26, which amended the State Constitution to expand the definition of a tax so that certain fees and charges imposed by the State and local governments will now be subject to approval by two-thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 requires a two-thirds approval by each house of the State Legislature to enact new laws that increase taxes on any taxpayer, and repealed State laws that were in conflict with the measure, unless they were approved again by two-thirds of each house of the State Legislature.

In terms of its direct fiscal impact on the County, Proposition 26 is likely to result in the loss of approximately $61 million in annual State tax revenue to County road districts, which are separate legal entities responsible for the operation and maintenance of streets and roads in the unincorporated areas of the County. Since the County is unlikely to backfill any reduction in State revenue to the road districts, there is no projected fiscal impact to the County General Fund. Additional effects of Proposition 26 on the future financial condition of the County are unknown at this time.

Future Initiatives

Propositions 13, 62, 218, 1A 2004 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting County revenues or the County's ability to expend revenues.

FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the Federal and State governments. As indicated in the table "Historical Appropriations by Fund" on page A-23 of this Appendix A, $4.236 billion of the $21.729 billion 2015-16 Final Adopted General County Budget is received from the Federal government and $5.543 billion is funded by the State. The remaining $11.950 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 45% of General County funding is provided by the State and Federal government illustrates the County's significant reliance on outside funding sources.

Federal Budget Update

The overall Federal budget outlook for the County is positive for the remainder of Fiscal Year 2015-16 and through Fiscal Year 2016-17. The County receives most of its Federal revenue through Medicaid and Title IV-E Foster Care and Adoption Assistance, which are open-ended entitlements that do not require the enactment of Federal legislation for continued funding. Most of the County's remaining Federal revenue is received through the Temporary Assistance for Needy Families Program (CalWORKs in California), Child Support Enforcement, and the Supplemental Nutrition Assistance Program (CalFresh in California), which are mandatory spending programs with funding levels that are not established through annual appropriations bills, thus providing more stable and secure sources of Federal revenue.

In addition, the County expects the risk of any significant reduction in the County's remaining Federal revenues that are received through appropriated discretionary programs to be minimal in the current session of Congress. This is especially true with the enactment of the Bipartisan Budget Act of 2015, which increased the non-defense discretionary spending cap by $25 billion in Federal Fiscal Year (FFY) 2016 and $15 billion in FFY 2017, thus resulting in an increase in the total pool of funds available for discretionary programs through which the County receives funding.

Although the County does not expect Congress to enact legislation in the current session that would significantly reduce its Federal revenue, any future legislative action in regard to Federal spending or the Affordable Care Act, and its fiscal impact to future County budgets, cannot be predicted at this time.

STATE BUDGET PROCESS

Over the past twenty-five years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in the same decade, the 2001 recession and subsequent recovery, and the most recent economic downturn that started in 2008. With the steady improvement in the State economy since the 2008 recession and the passage of Proposition 30 in the November 2012 election, the State has experienced significant improvement to its budget stability and overall financial condition. The State's budgetary decisions in response to the changing economic environment will continue to have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Fiscal Year 1991-92 Realignment Program

In Fiscal Year 1991-92, the State and county governments collectively developed a program realignment system (the "1991-92 Realignment Program") that removed State funding for certain health and welfare programs, and provided counties with additional flexibility to administer such programs. Under the 1991-92 Realignment Program, certain health and welfare services are funded by a 0.5% increase in sales taxes and increased vehicle license fees. Since counties receive their share of the funding for health and welfare programs under a fixed formula prescribed by State law, the flow of funds is no longer subject to the State budget process. If sales tax and vehicle license fee revenues are not realized as expected, county governments will still maintain responsibility for the management and cost of such programs.

On June 27, 2013, Governor Brown signed into law AB 85, which provides a mechanism for the State to redirect certain 1991-92 Realignment Program health care funding to social service programs. With California electing to implement a state-run Medicaid expansion pursuant to the Affordable Care Act, the State anticipates that the cost to counties for providing health care services to the indigent population will decrease as this population becomes eligible for coverage through Medi-Cal or the State-run health insurance exchange. The impact of the AB 85 legislation to the County is discussed in further detail in the Health Services Budget section

Public Safety Realignment

The approval of the Public Safety Realignment Act of 2011 (AB 109) transferred responsibility for the custody and supervision of specific low-level inmates and parolees from the California Department of Corrections and Rehabilitation to counties. Funding for AB 109 is financed by redirecting 1.0625% of State sales tax revenue and a portion of Vehicle License Fee revenues from the State to the counties. In November 2012, California voters passed Proposition 30, which created a constitutional amendment prohibiting the Legislature from reducing or removing AB 109 funding.

The Fiscal Year 2015-16 State Budget Act (the "2015-16 State Budget Act") estimated AB 109 funding at $1.3 billion. The California State Association of Counties (CSAC) has submitted a recommendation to the State for a long-term funding distribution formula among the counties. Based on this formula, the County would maintain its funding allocation and receive approximately $378.6 million, which would provide sufficient funding for all County AB 109 programs. In addition, the County Board of Supervisors has authorized the use of AB 109 reserves, accumulated from prior-year unused AB 109 funding, to fund pilot programs designed to reduce recidivism and long-term incarceration costs among inmates with mental health illness and substance abuse disorders.

Redevelopment Agencies

Effective February 1, 2012, and pursuant to Assembly Bill x1 26 ("ABx1 26"), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. ABx1 26 requires successor agencies to take over from the former redevelopment agencies and perform the following functions:

- Continue making payments on existing legal obligations without incurring any additional debt.

- Wind down the affairs of the former redevelopment agencies and return the funds of liquidated assets to the county Auditor-Controller, who will in turn distribute these funds to the appropriate local taxing entities.

Under ABx1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes", are to be distributed as property tax revenue to the appropriate local taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County General Fund was approximately $453 million in Fiscal Year 2009-10. In Fiscal Years 2012-13, 2013-14 and 2014-15, the County General Fund received $100.8, $118.6 million and $151.1 million of residual taxes, respectively. The 2015-16 Final Adopted Budget includes a conservative $140.0 million projection for residual tax receipts for the General Fund.

The County's direct involvement in redevelopment activities was limited to unincorporated areas of the County and to a small number of projects. The successor agency for these activities is the County's Community Development Commission. The dissolution of County related projects is not expected to have a material impact, if any, to the financial condition of the County.

2015-16 STATE BUDGET

On June 24, 2015, Governor Brown signed the 2015-16 State Budget Act, which projected a beginning fund balance surplus from Fiscal Year 2014-15 of $2.423 billion, total revenues and transfers of $115.033 billion, total expenditures of $115.369 billion, and a year-end surplus of $2.087 billion for Fiscal Year 2015-16. Of the projected year-end surplus, $971 million will be allocated to the Reserve for Liquidation of Encumbrances and $1.116 billion will be deposited to the Special Fund for Economic Uncertainties. The 2015-16 State Budget Act provides for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the amount of $3.460 billion, which remains unchanged from the May Budget Revision.

Throughout the Fiscal Year 2015-16 State budget process, from the release of the Proposed State Budget to the 2015-16 State Budget Act, total revenues and transfers increased by $1.653 billion or 1.46%, and total expenditures increased by $2.071 billion or 1.83%. The total revenues and transfers of $115.033 million in the 2015-16 State Budget Act represent a $9.545 billion, or 9.0% increase from the Fiscal Year 2014-15 State Budget Act (the "2014-15 State Budget Act"), and reflects the continued improvement in the financial condition of the State.

The 2015-16 State Budget Act is not expected to result in any loss of funding for County-administered programs, and includes a number of proposals that are favorable to the County. The State Budget Act includes the repayment of $765 million statewide in pre-2004 deferred State mandate payments owed to local governments, which will effectively payoff the State's remaining pre-2004 deferred mandate payments owed to local governments. The County's estimated share of this repayment in Fiscal Year 2015-16 is $134.7 million. The 2015-16 State Budget Act includes a base allocation for the AB 109/2011 Public Safety Realignment of $1.1 billion, which will provide sufficient funding for all County AB 109 programs. The County estimates that the 2015-16 State Budget Act will result in a $101.3 million redirection of 1991-92 Realignment Program funding from the County to the State, which remains unchanged from the May Budget Revision, but is a significant reduction from the $238.3 million redirection for Fiscal Year 2014-15. The 2015-16 State Budget Act appropriates $245.3 million of total statewide funding for the counties to conduct Medi-Cal enrollment, which represents an increase of $95.3 million from the May Budget Revision. The County is expected to receive a significant share of the statewide funding amount.

2016-17 STATE BUDGET

On January 7, 2016, Governor Brown released his Fiscal Year 2016-17 Proposed State Budget (the "2016-17 Proposed State Budget"), The 2016-17 Proposed State Budget projects a beginning fund balance surplus from Fiscal Year 2015-16 of $5.172 billion, total revenues and transfers of $120.633 billion, total expenditures of $122.609 billion, and a year-end surplus of $3.196 billion for Fiscal Year 2016-17. Of the projected year-end surplus, $966 million will be allocated to the Reserve for Liquidation of Encumbrances and $2.230 billion will be deposited to the Special Fund for Economic Uncertainties. In accordance with the 2014-15 State Budget Act, the 2016-17 Proposed State Budget continues to provide for a deposit into the State's Budget Stabilization Account (Rainy Day Fund) in the amount of $8.011 billion, which represents a significant increase from the 2015-16 State Budget Act.

The 2016-17 Proposed State Budget includes an increase in the projected year-end surplus for Fiscal Year 2015-16 of $3.085 billion and an increase in total revenues and transfers of $5.6 billion or 4.9% from the 2015-16 State Budget Act. The total expenditures in the Proposed State Budget are projected to increase by $7.2 billion or 6.3% from the 2015-16 State Budget Act. The $8.69 billion or 7.4% increase in the total resources available to fund the higher level of expenditures in the 2016-17 Proposed State Budget reflects the ongoing improvement in the financial condition of the State.

Based on a preliminary review, the 2016-17 Proposed State Budget is not expected to result in any loss of funding for County programs and services. Although the 2016-17 Proposed State Budget includes a statewide redirection of 1991-92 Realignment Program funding of $564.5 million from the counties to the State attributable to indigent health care savings as a result of Medi-Cal expansion, the County is not expected to incur a redirection payment to the State in Fiscal Year 2016-17. The Proposed State Budget estimates that actual statewide county savings redirected to the State in Fiscal Year 2013-14 were $151.7 million lower than projected, and that counties will be reimbursed for this amount in Fiscal year 2016-17. The Proposed State Budget also includes an increase in the base allocation for the AB 109/2011 Public Safety Realignment to $1.2 billion, which will continue to provide sufficient funding for all County AB 109 programs. The Proposed State Budget specifically notes that the Governor remains committed to working with the County to create a more collaborative State and local corrections system. The CEO, in collaboration with the Sheriff and other impacted departments, will continue to work with the State to secure additional funding for correctional facility expansion, infrastructure improvements and treatment programs for inmates.

RECENT COUNTY BUDGETS

General County Budgets have reflected a conservative approach and have sought to maintain a stable budgetary outlook in an uncertain fiscal environment. As a result of the previous economic downturn, which started to impact the budget in Fiscal Year 2008-09, the County experienced a "cyclical" budget deficit, as revenues declined and spending on safety net programs and pension-related costs increased. The economic downturn had a significant impact on the Net County Cost (NCC) budget gap, which reached a peak of $491.6 million in Fiscal Year 2010-11. NCC is the portion of the County's budget that is financed with County discretionary funding (also known as locally generated revenues).

In order to manage the budget gaps, the County used a balanced approach of curtailing departmental budgets, and using reserves and capital funding appropriations to achieve a balanced budget. To control costs, the County achieved significant savings through its efficiency initiative program, and the implementation of a hiring freeze and a freeze on non-essential services, supplies and equipment, which ended as of July 1, 2013. The County eliminated 2,735 budgeted positions from Fiscal Year 2009-10 to Fiscal Year 2011-12, and the County's employee labor groups agreed to zero cost-of-living adjustments and no salary increases for a five-year period beginning in Fiscal Year 2008-09. If the County had relied solely on curtailments, the impact to County services and its residents would have been much more severe and most likely would have resulted in the reduction of critical services and the layoff of large numbers of County employees. The measured approach to managing budgetary challenges, including the use of one-time funding sources, enabled the County to more strategically achieve balanced budgets, and maintain critical core services.

Property Tax Revenue

Property tax revenue represents the largest source of ongoing discretionary revenue for the County. The reliability of property tax revenue is due in large part to Proposition 13, which helps insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that is not reflected on the property tax rolls, which helped to offset a significant decrease in property values during the most recent economic downturn.

To illustrate this point, average median home prices in the County declined by 48% from their peak value in August 2007 ($562,346) to a low in January 2012 ($290,015), but the net revenue-producing value of the property tax roll (the "Net Local Roll") decreased by only 0.5% and 1.9% in Fiscal Year 2009-10 and 2010-11, respectively. After the most recent economic downturn, and with the ongoing recovery in the real estate market, the County has experienced a steady pattern of accelerating growth in assessed valuation, with increases in the Net Local Roll of 1.4%, 2.2%, 4.7% and 5.47% in Fiscal Years 2011-12, 2012-13, 2013-14 and 2014-15, respectively.

For Fiscal Year 2015-16, the Assessor is reporting a Net Local Roll of $1.265 trillion, which represents an increase of 6.13% or $73.1 billion from Fiscal Year 2014-15. The Fiscal Year 2015-16 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the fifth consecutive year of accelerated growth in assessed valuation. The largest factors contributing to the increase in assessed valuation in Fiscal Year 2015-16 are transfers in ownership ($38.5 billion), decline-in-value restorations ($9.3 billion), and an increase in the consumer price index ($20.7 billion). For the Fiscal Year 2015-16 tax roll, the Assessor estimates that approximately 12.0% of all single-family residential parcels, 12.4% of all residential income parcels and 15.3% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values.

With the downturn in the real estate market that started in 2007, the County Assessor initiated Proposition 8 reviews of 791,000 parcels. As a result of the Assessor's proactive approach to Proposition 8 reviews, the valuations of 552,000 parcels sold during the height of the real estate market were adjusted downward to reflect current market values at the time of the review. The lower valuations helped to insulate the County from future reductions in the Net Local Roll if these properties were re-sold at lower market values. In response to the improvement in the real estate market, and beginning with the Fiscal Year 2008-09 Assessment Roll, the Assessor began to review the 552,000 parcels to evaluate whether a reduced assessed value was still warranted under Proposition 13. Based on this review, the Assessor has fully restored approximately 356,000 parcels to their Proposition 13 base year value, with 196,000 parcels still eligible for potential restorations in value.

FISCAL YEAR 2014-15 FINAL ADOPTED BUDGET

The Fiscal Year 2014-15 Final Adopted Budget (the 2014-15 Final Adopted Budget), which was approved on September 30, 2014, appropriated $27.141 billion, which reflected a $1.042 billion or 4.0% increase in total funding requirements from Fiscal Year 2013-14. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated $20.948 billion, which represented a $938.6 million or 4.7% increase from Fiscal Year 2013-14. The 2014-15 Final Adopted Budget appropriated $6.193 billion for Special Funds/District, reflecting a $103.6 million or 1.7% decrease from Fiscal Year 2013-14.

The primary changes to the NCC component of the 2014-15 Final Adopted Budget are outlined in the following table.

Fiscal Year 2014-15 NCC Budget Changes

2013-14 One-Time Budget Solutions	$ (8,798,000)
Unavoidable Cost Increases	
Health Insurance Subsidy	(30,474,000)
Pension Costs	(79,172,000)
Employee Salary Increases	(82,156,000)
Deferred Compensation Cap Increase	(8,100,000)
Various Cost Increases	(8,628,000)
Program Changes	
Sheriff Jail Violence Recommendations	(38,142,000)
Sheriff Restore Curtailments	(18,000,000)
Mental Health Inpatient Beds - COLA	(6,321,000)
Psychiatric Emergency Services	(5,438,000)
Various Assistance Cost Increases	(4,877,000)
Sheriff Unincorporated Patrol	(12,031,000)
Mental Health Services in County Jails	(10,000,000)
Enhanced Unincorporated Area Services	(9,073,000)
All Other Program Changes	(43,473,000)
Revenue Changes	
Property Taxes	254,032,000
Property Taxes - Supplemental Appointment	(19,000,000)
Property Taxes - CRA Dissolution Residual	75,000,000
Realignment Sales Tax	35,471,000
Public Safety Sales Tax	31,681,000
Registrar-Recorder Revenue Shortfall	(13,181,000)
Various Revenue Changes	680,000
Total Projected Budget Gap	$ -

__Unavoidable Cost Increases__

The primary drivers of unavoidable cost increases were directly related to salaries and employee benefits. For the first time since August 2008 for safety employees, and January 2009 for all other employees, the County approved salary increases. Over the previous five-year period, employee labor groups actively partnered with the County by agreeing to zero salary increases, which played a critical role in enabling the County to emerge from the economic downturn in a stable financial condition. The Board of Supervisors approved 6% salary increases with nearly all of its collective bargaining units, which were reflected in the higher expenditures for employee salaries in the Fiscal Year 2013-14 and 2014-15 Final Adopted Budgets.

In addition to employee salaries, the County also experienced cost increases for employee health insurance premiums.

The increase in the County's retirement contribution expenditures was primarily due to the actuarial investment losses sustained by LACERA in Fiscal Years 2008-09 and 2011-12, and the reductions in the assumed investment rates of return. The impact of the actuarial investment losses sustained in Fiscal Year 2008-09 were fully recognized and accounted for by the end of Fiscal Year 2014-15.

Program Changes

On June 4, 2014, the Federal Department of Justice (DOJ) issued a report, which concluded that the County was out of compliance with the terms of a 2002 MOA regarding the provision of mental health services in County Jails. The DOJ asserted that the MOA has been ineffective in achieving compliance and that a court-enforceable settlement agreement should now be substituted for the 2002 MOA. The DOJ report identified 53 remedial measures to address deficient mental health services and suicide prevention issues. The DOJ expects the Sheriff's Department and the Department of Mental Health (DMH) to address the remedial measures through the court-enforceable agreement.

Based on preliminary estimates, the multi-year budget impact to achieve full compliance with some of the remedial measures is $48.0 million. The Fiscal Year 2014-15 Final Adopted Budget included $20.0 million to fund implementation of the remedial measures.

Revenue Increases

As a result of improving economic conditions, the County's primary revenue sources experienced continued growth in Fiscal Year 2014-15, including increases in a variety of locally generated revenue along with an increase in statewide sales tax revenue. As noted above, the Assessor reported a 5.47% increase in the total revenue-producing valuation in the Fiscal Year 2014-15 Assessment Roll. The increase in assessed valuation provided the basis for the $254.0 million projected increase in property tax revenue in the 2014-15 Final Adopted Budget. The increase in property tax revenue was partially offset by an estimated $19.0 million reduction in supplemental property taxes due to a change in the supplemental apportionment factor. In addition to the projected growth in property tax revenue, the County included an additional $75 million revenue increase from the property tax residual in Fiscal Year 2014-15 as a result of the redevelopment agency dissolution.

Based on recent trends, and a survey of local economic forecasts, the County assumed a 4.0% growth factor in its overall sales tax projection for the 2014-15 Final Adopted Budget. Based on the 4% growth rate, the County projected a $67.2 million increase in Proposition 172 Sales Tax and Realignment Sales Tax in Fiscal Year 2014-15.

The increase in property tax and sales tax revenue was partially offset by a $13.2 million reduction in recording fee revenue, as the Registrar-Recorder/County Clerk experienced a significant drop in a variety of recording filings and a $10.6 million reduction in the utility user tax.

FISCAL YEAR 2015-16 FINAL ADOPTED BUDGET

The Fiscal Year 2015-16 Final Adopted Budget was approved by the Board of Supervisors on September 29, 2015. The 2015-16 Final Adopted Budget appropriates $28.195 billion, which reflects a $1.054 billion or 3.9% increase in total funding requirements from the Fiscal Year 2014-15 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $21.729 billion, which represents a $781 million or 3.7% increase from the Fiscal Year 2014-15 Final Adopted Budget. The 2015-16 Final Adopted Budget appropriates $6.466 billion for Special Funds/District, reflecting a $273 million or 4.4% increase from the Fiscal Year 2014-15 Final Adopted Budget.

The primary changes to the NCC component of the 2015-16 Final Adopted Budget are outlined in the following table.

Fiscal Year 2015-16 NCC Budget Changes

Public Assistance Changes	$ (2,928,000)
Unavoidable Cost Increases	
Health Insurance Subsidy	29,667,000
Pension Costs	(42,399,000)
Employee Salaries	165,907,000
Prefund Retiree Healthcare Benefits	10,000,000
Various Cost Changes	(190,000)
Program Changes	
Rosas Settlement	64,470,000
Mental Health Services in County Jails	23,456,000
County Jails ADA Settlement	1,208,000
Sheriff DOJ AV Settlement	2,251,000
Sheriff Special Victims Bureau	2,203,000
Sheriff Citizens Commission on Jail Violence	4,227,000
Diversion - Inmate Treatment Program	10,000,000
Curtailment Restoration	7,434,000
All Other Program Changes	19,658,000
Fiscal Policies	
Appropriation for Contingency	15,919,000
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**315,883,000**
Revenue Changes	
Property Taxes	273,892,000
Property Taxes - CRA Dissolution Residual	25,000,000
Public Safety Sales Tax	17,742,000
Various Revenue Changes	(751,000)
Total Locally Generated Revenues	**315,883,000**
Total Projected Budget Gap	**$ -**

Public Assistance Changes

With the decline in the unemployment rate in the County and the improving local economy, the number of residents seeking General Relief aid has declined, which has helped reduce the overall cost of providing public assistance by $14.8 million. The decrease will be partially offset by an $11.9 million increase in wages for In-Home Supportive Services workers.

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of previously approved salaries and employee benefits increases as well as salary and employee benefits increases that were approved subsequent to the adoption of the 2015-16 Final Adopted Budget. The County has successfully completed contract negotiations with all but three (3) collective bargaining units. The labor agreements provide for a 10% increase over three (3) years along with various market-based inequity adjustments that were negotiated in support of recruitment and retention efforts and certain differentials or special pay practices that were adjusted or newly established.

Prefund Retiree Healthcare Benefits – This expenditure adds $10.0 million in NCC, which will be supplemented by a projected $13.969 million of subvention revenue received from Federal, State and other local government entities. The total projected contribution of $23.969 million is the first step in a multi-year plan approved by the Board of Supervisors on June 22, 2015 that is expected to incrementally increase the prefunding of retiree healthcare benefits on an annual basis.

Program Changes

County Jails Excessive Use of Force – This expenditure reflects $64.5 million in ongoing funding and $10.5 million in one-time funding, for a total of $75.0 million to be set aside in the Provisional Financing Uses (PFU) budget to address allegations of excessive use of force in the jails. In January 2012, the American Civil Liberties Union (ACLU) filed the Alex Rosas Federal court class action lawsuit alleging a pattern and practice of excessive use of force in the County jails. The settlement agreement presented to the Board of Supervisors on December 16, 2014, requires the Sheriff's Department to implement various reforms recommended by the court-appointed Rosas Monitors. On October 14, 2014, the Monitors submitted to the Court their final Implementation Plan containing their recommendations for reforms in the jails. The Implementation Plan delineates 21 areas of proposed reforms with a total of 106 recommendations, many of which expand upon those of the Citizens' Commission on Jail Violence and have already been implemented. The settlement agreement requires that the Sheriff's Department achieve specific compliance objectives related to the Implementation Plan by June 30, 2015, December 31, 2015 and December 31, 2016. The CEO will continue to work with the Sheriff's Department to determine the level of resources that are required in order to achieve full compliance with the Rosas settlement.

County Jails Mental Health Needs – This expenditure adds $23.5 million in ongoing funding to the PFU budget. This amount, along with $10.0 million in ongoing funding included in the 2014-15 Final Adopted Budget, brings the total ongoing funding amount to $33.5 million for mental health issues at County jails. The Sheriff and DMH are continuing to identify priorities and develop action plans to address the 53 remedial measures outlined in the June 4, 2014 DOJ report, some of which will require additional funding and staff to address certain recommendations.

Comprehensive Diversion Inmate Treatment Program – Supplements $20.0 million in one-time funding in the PFU budget unit with $10.0 million of ongoing funding for this program. The funding is being set aside in anticipation of the District Attorney's report on a Comprehensive Criminal Justice Mental Health Plan.

Fiscal Policies

County budget policies require the establishment of a Rainy Day Fund as a hedge against future economic uncertainties, with a target funding amount equivalent to 10% of locally generated revenues. The current balance of the Rainy Day Fund is $337.7 million, which is approximately 6.2% of discretionary revenues. On June 30, 2015, the County received $109.4 million from the State for pre-2004 deferred State mandate payments owed to local governments. An additional interest payment of approximately $25.9 million related to the deferred mandates is expected in Fiscal Year 2015-16. In August 2015, the CEO recommended that the Board of Supervisors approve a supplemental deposit to the Rainy Day Fund in the amount of $50 million, which was funded with the pre-2004 deferred mandate payment received from the State.

On September 30, 2014, the County updated its budget policies to require that between 5% to 10% of new ongoing discretionary revenues be set aside during the budget process in the Appropriation for Contingency as a hedge against unforeseen budget issues that may occur during any fiscal year. As part of the 2015-16 Adopted Budget, $15.9 million was set aside in the Appropriation for Contingency, which reflects 5% of discretionary revenues. In addition, the revised budget policies required that $5.0 million be allocated for deferred maintenance needs as part of the annual Recommended Budget.

Revenue Changes

As a result of improving economic conditions, the County's primary revenue sources are expected to show continued growth in Fiscal Year 2015-16. The County is also forecasting a $25.0 million increase in property tax residual from the dissolution of redevelopment agencies.

The County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenues. The County Assessor is reporting a 6.13% increase in the Net Local Roll for Fiscal Year 2015-16, which provides the basis for the $273.9 million of additional property tax revenue included in the 2015-16 Final Adopted Budget.

Based on current trends and a survey of local economic forecasts, the County has assumed a 5% growth factor in its overall sales tax projection for the 2015-16 Adopted Budget. Based on the 5% growth rate, the County is projecting a $27.9 million increase in Proposition 172 Sales Tax in Fiscal Year 2015-16.

HEALTH SERVICES BUDGET

The Department of Health Services ("DHS") provides vital inpatient acute care through four hospitals: LAC+USC Medical Center, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. Two of the hospitals, LAC+USC Medical Center and Harbor-UCLA Medical Center, operate trauma centers and emergency rooms; Olive View-UCLA Medical Center provides emergency room services; and Rancho Los Amigos National Rehabilitation Center operates as an acute rehabilitation facility. Outpatient services are provided at all four hospitals as well as multiple other facilities, including one outpatient center, one regional health center, six comprehensive health centers, eleven community health centers, and over 100 contracted Community Partner clinics located throughout the County. DHS also manages the emergency medical services system for the entire County. In collaboration with the University of Southern California and the University of California at Los Angeles, the

County provides training for approximately 1,000 physician residents on an annual basis.

As a safety net provider, the County is the medical provider of last resort for millions of indigent County residents. Historically, the cost of providing health services exceeded the combined total of DHS revenues and the annual subsidies from the County General Fund, which resulted in an ongoing structural deficit for DHS. By developing new revenue sources, implementing efficiencies and hiring freezes, and using one-time reserve funds, DHS has been able to cover its prior years' structural deficits.

The improvement in the DHS fiscal outlook from prior years is primarily due to the five-year Section 1115 Hospital Financing Waiver (the "Waiver"), which became effective in November 2010, and the implementation of the Affordable Care Act (the "ACA"), effective January 1, 2014. As a result of the ACA implementation, DHS has experienced a significant reduction in the number of uninsured patients, providing an overall fiscal benefit. Since the ACA has resulted in an expanded revenue base for DHS, the budgetary pressures on DHS have been significantly reduced. Furthermore, as explained below, Assembly Bill (AB) 85 establishes a sum certain for the maintenance of effort ("MOE") requirement for the County's contribution to DHS, as well as providing additional revenue sources.

Section 1115 Hospital Financing Waiver

The Centers for Medicare and Medicaid Services ("CMS") approved the Waiver (the "Waiver") for public hospitals in California, effective November 1, 2010, which provided partial funding for uncompensated care and a new funding source for system improvements at public hospitals through the Delivery System Reform Incentive Pool. In addition, the Waiver permited the federal government to waive certain Medicaid (referred to as Medi-Cal in California) statutory requirements, which enabled California to receive Federal matching funds for Medi-Cal services that would otherwise not be eligible for Federal funding, thus further enhancing DHS revenues.

Renewal of Section 1115 Hospital Financing Waiver

The Waiver, which was set to expire on October 31, 2015, was renewed for an additional two-month period through December 31, 2015, pending the outcome of ongoing negotiations between the State and CMS for a renewal of the Waiver. On December 30, 2015, CMS approved the State's Waiver renewal for a five-year period commencing January 1, 2016 through December 31, 2020. The new Waiver includes $6.2 billion of initial Federal funding to support programs for Medi-Cal beneficiaries and uninsured patients in California. Although the County is currently in the process of evaluating the specific budgetary impact of the new Waiver, it is not expected to have a material adverse effect on the financial condition of DHS and the County.

Affordable Care Act

The ACA provided the framework for the Waiver by allowing an early implementation of some of the law's coverage expansion provisions. The ACA's Medicaid Coverage Expansion ("MCE") program provides Medi-Cal coverage for citizens or legal residents, and uninsured adults (ages 19-64) with incomes at or below 138% of the Federal poverty level. The Waiver included the Low Income Health Program ("LIHP") that implemented the MCE program prior to January 2014. The LIHP was known as Healthy Way LA ("HWLA") in Los Angeles County and provided for early enrollment for many uninsured DHS patients. As the Affordable Care Act became effective on January 1, 2014, HWLA enrollees were automatically transitioned to coverage under the MCE program. HWLA and the MCE have significantly improved DHS' payer mix and provided additional revenues as previously uninsured patients have transitioned to Medi-Cal coverage.

Assembly Bill 85

Based on the implementation of the ACA and the expected reduction in the number of uninsured patients, the State proposed a restructuring of its relationship to the counties in terms of the State's funding of health care and human services programs that have been in place since the 1991-92 Realignment Program. Negotiations between the State and the counties regarding the State's proposed reductions ultimately resulted in the enactment of AB 85 (amended by SB 98). This legislation details the methodology that will be used to determine the amount of realignment revenue that will be "redirected" from the County's Realignment Revenue Health Subaccount to the County's Family Support Subaccount, which benefits social services programs. The County was able to negotiate its own agreement with the State and a formula that is different than that of the other counties in the State.

The County's unique formula takes into account the entire DHS budget and includes cost caps, revenue requirements, specific sharing ratios, and a County MOE. A mathematical formula will be used to determine whether there are "excess" funds available for "redirection" of 1991-92 Realignment Program revenue back to the State. The amount of revenue redirection will be reconciled to the formula two years after the close of each respective fiscal year. If there are "excess" funds resulting from the formula calculation, the sharing ratio for the excess amount of health care realignment revenue in Fiscal Year 2013-14 is 70% State and 30% County. For Fiscal Year 2014-15 and forward, the sharing ratio will be 80% State and 20% County.

As a result of AB 85, the State redirected $87.5 million of 1991-92 Realignment Program revenue from the County for Fiscal Year 2013-14, $238.3 million for Fiscal Year 2014-15, and $101.3 million for Fiscal Year 2015-16. DHS believes that the State has overestimated the amount of excess funds available for redirection, which will be subject to future adjustments upon final reconciliation two-years after the close of the fiscal year.

In addition, AB 85 established an MOE funding requirement for the County's General Fund contribution in the amount of $323.0 million, which the County is currently meeting. The MOE funding requirement is based on Fiscal Year 2012-13 funding levels and will increase by one percent each subsequent fiscal year. The MOE is expected to provide a stable and ongoing source of funding for DHS from the County General Fund.

DHS Reserve Funds

In Fiscal Year 2014-15, DHS closed the year with a budgetary surplus of $161.2 million. As a result of higher than anticipated revenues, DHS is expected to close Fiscal Year 2015-16 with an operating surplus of approximately $223 million and a projected fund balance in excess of $350 million as of June 30, 2016. The surplus funds are maintained in a reserve account and are available to fund DHS operations in the future, as needed.

General Fund Contributions

The NCC contribution to DHS peaked in Fiscal Year 2007-08 at 18.2% of the total DHS budget, and has declined steadily thereafter. The decrease in the NCC contribution is a direct result of enhanced revenue streams, improved patient demographics, and more efficient hospital operations. In Fiscal Year 2015-16, the County General Fund is expected to contribute $635.5 million of NCC, which includes $265.5 million in VLF revenue, to DHS in support of its health care operations. In relation to the overall DHS budget, the projected County contribution in Fiscal Year 2015-16 represents 15.5% of total DHS net appropriations.

General Fund Advances and Cash Flow

The County maintains separate Enterprise Funds to account for hospital and ambulatory care services in various regions of the County, commonly referred to as the Hospital Funds. The County's General Fund provides cash advances to each of the Hospital Funds to provide for the net cash flow requirements of the hospitals. On a daily basis, the County reviews the cash inflows and outflows of the Hospital Funds and adjusts the amount of advances in a manner designed to provide the Hospital Funds with a minimal daily cash position of approximately $10.0 million.

The Federal and State governments are the primary sources of revenue for the Hospital Funds. The Hospital Funds typically receive cash reimbursement several months after the County has delivered and paid for services. As of January 31, 2016, the balance of General Fund cash advances to the Hospital Funds was approximately $708.8 million.

In addition to the funding sources described above, the County's General Fund has also advanced cash to the Hospital Funds for certain long-term receivables that are owed by the State to the hospitals. The receivables are associated with the Cost Based Reimbursement Clinics ("CBRC") program. Although the CBRC receivables are reliable assets, the collection process is contingent upon annual audits by the State. The last audit completed by the State was for Fiscal Year 2010-11. As of June 30, 2015, the overall receivable balance was $155.1 million. The County has recognized an equivalent reserve against the fund balance associated with the CBRC receivable, since it is not currently available to fund the County's budgetary requirements. The CBRC receivable balance for Fiscal Year 2015-16 will be determined during the fiscal year-end closing process.

Martin Luther King Jr. Hospital

The County-operated Martin Luther King, Jr. Hospital (the "MLK Hospital") was closed in 2007 and converted to a Multi-Service Ambulatory Care Center. Since the closing of the previous MLK Hospital, the County and the University of California (the "UC") established an independent, non-profit 501(c)(3) entity to operate a new hospital at the previous MLK Hospital site. A seven-member MLK Hospital Board of Directors was appointed by the County and the UC in August 2010 to oversee MLK-LA Healthcare, the new 501(c)(3) private, non-profit MLK Hospital. The new 131-bed MLK Hospital will serve as a safety-net community hospital providing services to a high volume of Medi-Cal and uninsured patients from the surrounding community. The MLK Hospital completed licensing activities and began treating patients in July 2015.

To assist with the opening of the MLK Hospital, the County has provided MLK-LA with $50.0 million of coordination start-up funds, $39.1 million of grant funding, and $82 million of long-term loan funding, which includes a 30-year loan in the amount of $50 million, a 10-year revolving line of credit in the amount of $20 million, and a 2-year loan in the amount of $12 million. On January 5, 2016, the Board of Supervisors approved an additional short-term revolving loan in the amount of $40 million to assist MLK-LA with post-hospital opening expenses. The short-term revolving loan is due and payable to the County by June 30, 2016. In addition, the DHS has committed to make ongoing annual payments of $18 million for indigent care support, and $50.0 million of intergovernmental transfers for the benefit of the new MLK Hospital.

For use of the County-owned hospital facility, MLK-LA will make annual lease payments to the County in the amount of $18.0 million. The County has initially financed the construction of the MLK Hospital with $284.3 million of short-term lease-revenue notes, which are currently outstanding. The County intends to refinance the MLK Hospital and redeem the short-term notes with proceeds from the issuance of long-term lease-revenue bonds in March 2016.

Los Angeles County Health Agency

In August 2015, the Board of Supervisors approved the establishment of the Los Angeles County Health Agency (the "Health Agency") to integrate the operations of DHS and the Departments of Mental Health (DMH) and Public Health (DPH) into a single unified healthcare agency. The consolidation of health service delivery is a major priority for the Board of Supervisors under the new County governance structure, and the new Health Agency is expected to streamline the delivery of integrated healthcare services to the most vulnerable populations across the County. The new Health Agency is expected to result in future additional revenue from Medi-Cal reimbursements, a more efficient use of the County's healthcare facilities, increased use of information technology to facilitate integrated service delivery, and greater County influence over State and Federal health policy issues.

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities. The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206 billion through 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. In accordance with the terms of the MSA, the annual TSRs are subject to numerous adjustments, offsets and recalculation. While the County's share of the State settlement was initially expected to average approximately $100 million per year, the actual amount of Tobacco Settlement Revenues ("TSRs") received by the County has fluctuated significantly from year to year. Factors that impact the annual payments to the State include actions of the Federal government, overall declines in smoking participation rates, reduction in cigarette sales and declining market share among the participating manufacturers in the MSA, lawsuits, tobacco company bankruptcies, and various adjustments under the terms of the MSA.

In February 2006, the County issued $319.8 million in tax-exempt Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds"). The Tobacco Bonds are secured and payable from 25.9% of the County's TSRs beginning in 2011, which represented the initial year for the payment of debt service on the Tobacco Bonds. The proceeds from the sale of the Tobacco Bonds were used to finance a portion of the construction costs related to the LAC+USC Medical Center, as well as to partially insure against the risk of a significant reduction of the County's ongoing TSRs as a result of the various factors described above. The use of this fixed percentage of TSRs as security for the repayment of the Tobacco Bonds is not expected to materially impact the DHS programs that rely on such revenues for funding.

To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. However, previous actions by certain participating manufacturers have reduced the settlement funding received by the State and may adversely impact future payments. Specifically, a portion of the settlement payments were withheld or made under protest. In March 2013, an arbitrated settlement among certain MSA participants (including California), which included a new method for calculating future payment adjustments, resolved the status of the disputed payments from 2003 to 2012. However, given the terms of the MSA, the fiscal impact to the County of future protests and payment adjustments to the MSA cannot be predicted at this time.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and unused amounts have been set aside as obligated fund balance Committed for Health Services-Tobacco Settlement. In Fiscal Year 2014-15, the County received $63.4 million in TSRs from the participating manufacturers. The distribution of TSRs to the County are net of the 25.9% of TSRs pledged for the repayment of the Tobacco Bonds, which have been deposited with a trustee for the payment of debt service on the Tobacco Bonds. As of June 30, 2015, the County has received approximately $1.600 billion in TSRs and accrued interest, with approximately $1.554 billion of the collected proceeds disbursed, and $46.2 million remaining in reserves and available for future appropriations. While DHS has identified programmatic uses for projected ongoing TSRs, it continues to develop plans to use the funds currently in reserve, primarily for one-time uses that will help improve the operational efficiency of the health system.

BUDGET TABLES

The 2015-16 Final Adopted Budget is supported by $4.766 billion in property taxes, $4.236 billion in Federal funding, $5.543 billion in State funding, $283 million in cancelled obligated fund balance, $1.750 billion in Fund Balance and $5.151 billion from other funding sources. The tables on the following pages provide historical detail on General County budget appropriations, along with a summary and comparison of the 2015-16 Final Adopted Budget with the 2014-15 Final Adopted Budget.

County of Los Angeles: General County Budget
Historical Appropriations by Fund
(in thousands)

Fund	Final 2011-12	Final 2012-13	Final 2013-14	Final 2014-15	Final 2015-16
General Fund	$ 16,229,826	$ 16,750,817	$ 17,206,258	$ 17,782,636	$ 18,532,749
Hospital Enterprise Fund	2,268,712	2,592,117	2,803,170	3,165,359	3,195,948
Total General County Budget	$ 18,498,538	$ 19,342,934	$ 20,009,428	$ 20,947,995	$ 21,728,697

County of Los Angeles: General County Budget
Historical Funding Requirements and Revenue Sources

	Final 2011-12	Final 2012-13	Final 2013-14	Final 2014-15	Final 2015-16
Requirements					
Social Services	$ 5,539,798	$ 5,572,820	$ 5,846,911	$ 6,206,407	$ 6,446,374
Health	5,600,822	5,952,459	6,208,232	6,373,399	6,590,413
Justice	4,697,762	4,985,441	5,146,062	5,442,540	5,674,407
Other	2,660,156	2,832,214	2,808,223	2,925,649	3,017,503
Total	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**
Revenue Sources					
Property Taxes	$ 3,750,746	$ 3,814,906	$ 4,177,683	$ 4,467,240	$ 4,765,596
State Assistance	4,670,351	5,168,427	5,024,219	5,366,757	5,542,998
Federal Assistance	4,712,400	5,008,928	4,342,123	4,184,128	4,236,481
Other	5,365,041	5,350,673	6,465,403	6,929,870	7,183,622
Total	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**

County of Los Angeles: General County Budget
Historical Summary of Funding Requirements by Budgetary Object and Available Financing
(in thousands)

	Final 2011-12	Final 2012-13	Final 2013-14	Final 2014-15	Final 2015-16
Financing Requirements					
Salaries & Employee Benefits	$ 8,895,017	$ 9,322,969	$ 9,671,291	$ 10,353,404	$ 10,988,705
Services & Supplies	6,706,121	6,869,576	7,138,148	7,362,617	7,696,979
Other Charges	3,621,050	3,734,605	3,901,664	4,082,120	3,878,926
Capital Assets	890,217	1,025,119	982,969	946,383	864,488
Other Financing Uses	640,310	615,357	619,569	263,903	595,100
Appropriations for Contingencies	-	-	-	5,000	15,919
Interbudget Transfers	(1,419,532)	(1,476,794)	(1,417,786)	(1,054,758)	(1,411,193)
Gross Appropriation	$ 19,333,183	$ 20,090,832	$ 20,895,855	$ 21,958,669	$ 22,628,924
Less: Intrafund Transfers	975,236	942,276	944,775	990,638	1,008,980
Net Appropriation	$ 18,357,947	$ 19,148,556	$ 19,951,080	$ 20,968,031	$ 21,619,944
Provision for Obligated Fund Balance					
General Reserve	$ -	$ -	$ -	$ -	$ -
Assigned for Rainy Day Funds	-	10,000	35,033	24,274	31,414
Committed Fund Balance	140,591	184,378	23,315	(44,310)	77,339
Total Financing Requirements	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**
Available Financing					
Fund Balance	$ 1,601,571	$ 1,565,502	$ 1,497,581	$ 1,566,263	$ 1,750,126
Cancel Provision for Obligated Fund Balance	271,027	208,484	239,852	143,419	282,930
Property Taxes: Regular Roll	3,709,801	3,778,085	4,123,069	4,414,842	5,705,966
Supplemental Roll	40,945	36,821	54,614	52,398	59,630
Revenue	12,875,194	13,754,042	14,094,312	14,771,073	13,930,045
Total Available Financing	**$ 18,498,538**	**$ 19,342,934**	**$ 20,009,428**	**$ 20,947,995**	**$ 21,728,697**

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2014-15 TO 2015-16 FINAL ADOPTED BUDGET
Net Appropriation: By Function
(In thousands)

Function	2014-15 Adopted (1)	2015-16 Adopted (2)	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 957,997.0	$ 1,127,634.0	$ 169,637.0	17.71%
General Services	831,769.0	839,057.0	7,288.0	0.88%
Public Buildings	985,554.0	776,418.0	(209,136.0)	-21.22%
Total General	$ 2,775,320.0	$ 2,743,109.0	$ (32,211.0)	-1.16%
Public Protection				
Justice	$ 5,088,427.0	$ 5,334,342.0	$ 245,915.0	4.83%
Other Public Protection	224,896.0	192,298.0	(32,598.0)	-14.49%
Total Public Protection	$ 5,313,323.0	$ 5,526,640.0	$ 213,317.0	4.01%
Health and Sanitation	6,369,735.0	6,586,249.0	216,514.0	3.40%
Public Assistance	6,102,852.0	6,330,105.0	227,253.0	3.72%
Recreation and Cultural Services	334,441.0	344,762.0	10,321.0	3.09%
Insurance and Loss Reserve	67,360.0	73,160.0	5,800.0	8.61%
Provision for Obligated Fund Balance	(20,036.0)	108,753.0	128,789.0	-642.79%
Appropriations for Contingencies	5,000.0	15,919.0	10,919.0	218.38%
Total Requirements	**$ 20,947,995.0**	**$ 21,728,697.0**	**$ 780,702.0**	**3.73%**
AVAILABLE FUNDS				
Property Taxes	$ 4,467,240.0	$ 4,765,596.0	$ 298,356.0	6.68%
Fund Balance	1,566,263.0	1,750,126.0	183,863.0	11.74%
Cancelled Prior-Year Reserves	143,419.0	282,930.0	139,511.0	97.28%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 262,465.0	$ 335,042.0	$ 72,577.0	27.65%
Homeowners' Exemption	20,500.0	19,000.0	(1,500.0)	-7.32%
Public Assistance Subventions	989,506.0	807,966.0	(181,540.0)	-18.35%
Other Public Assistance	1,779,457.0	1,998,418.0	218,961.0	12.30%
Public Protection	1,186,553.0	1,206,729.0	20,176.0	1.70%
Health and Mental Health	958,162.0	1,040,118.0	81,956.0	8.55%
Capital Projects	137,193.0	102,617.0	(34,576.0)	-25.20%
Other State Revenues	32,921.0	33,108.0	187.0	0.57%
Total State Revenues	$ 5,366,757.0	$ 5,542,998.0	$ 176,241.0	3.28%
Federal Revenues				
Public Assistance Subventions	$ 2,430,816.0	$ 2,637,251.0	$ 206,435.0	8.49%
Other Public Assistance	227,827.0	196,319.0	(31,508.0)	-13.83%
Public Protection	219,627.0	120,524.0	(99,103.0)	-45.12%
Health and Mental Health	1,259,156.0	1,241,398.0	(17,758.0)	-1.41%
Capital Projects	1,336.0	917.0	(419.0)	-31.36%
Other Federal Revenues	45,366.0	40,072.0	(5,294.0)	-11.67%
Total Federal Revenues	$ 4,184,128.0	$ 4,236,481.0	$ 52,353.0	1.25%
Other Governmental Agencies	25,860.0	39,252.0	13,392.0	51.79%
Total Intergovenmental Revenues	$ 9,576,745.0	$ 9,818,731.0	$ 241,986.0	
Fines, Forfeitures and Penalties	214,981.0	218,396.0	3,415.0	1.59%
Licenses, Permits and Franchises	48,431.0	53,760.0	5,329.0	11.00%
Charges for Services	3,981,588.0	3,540,706.0	(440,882.0)	-11.07%
Other Taxes	194,726.0	209,479.0	14,753.0	7.58%
Use of Money and Property	126,401.0	159,529.0	33,128.0	26.21%
Miscellaneous Revenues	439,612.0	636,618.0	197,006.0	44.81%
Operating Contribution from General Fund	188,589.0	292,826.0	104,237.0	55.27%
Total Available Funds	**$ 20,947,995.0**	**$ 21,728,697.0**	**$ 780,702.0**	**3.73%**

(1) Reflects the 2014-15 Final Adopted General County Budget approved by the Board of Supervisors on September 30, 2014
(2) Reflects the 2015-16 Final Adopted General County Budget approved by the Board of Supervisors on September 29, 2015

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2014-15 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 957,997.0	$ -	$ 957,997.0
General Services	831,769.0	-	831,769.0
Public Buildings	985,554.0	-	985,554.0
Total General	$ 2,775,320.0	$ -	$ 2,775,320.0
Public Protection			
Justice	$ 5,088,427.0	$ -	$ 5,088,427.0
Other Public Protection	224,896.0	-	224,896.0
Total Public Protection	$ 5,313,323.0	$ -	$ 5,313,323.0
Health and Sanitation	$ 3,204,376.0	$ 3,165,359.0	$ 6,369,735.0
Public Assistance	6,102,852.0	-	6,102,852.0
Recreation and Cultural Services	334,441.0	-	334,441.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	(20,036.0)	-	(20,036.0)
Appropriation for Contingency	5,000.0	-	5,000.0
Total Requirements	**$ 17,782,636.0**	**$ 3,165,359.0**	**$ 20,947,995.0**
AVAILABLE FUNDS			
Property Taxes	$ 4,467,240.0	$ -	$ 4,467,240.0
Fund Balance	1,566,263.0	-	1,566,263.0
Cancel Provision for Obligated Fund Balance	143,419.0	-	143,419.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 262,465.0	$ -	$ 262,465.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	989,506.0	-	989,506.0
Other Public Assistance	1,779,457.0	-	1,779,457.0
Public Protection	1,186,553.0	-	1,186,553.0
Health and Mental Health	910,224.0	47,938.0	958,162.0
Capital Projects	137,193.0	-	137,193.0
Other State Revenues	32,921.0	-	32,921.0
Total State Revenues	5,318,819.0	47,938.0	5,366,757.0
Federal Revenues			
Public Assistance Subventions	$ 2,405,381.0	$ 25,435.0	$ 2,430,816.0
Other Public Assistance	227,827.0	-	227,827.0
Public Protection	219,627.0	-	219,627.0
Health and Mental Health	921,403.0	337,753.0	1,259,156.0
Capital Projects	1,336.0	-	1,336.0
Other Federal Revenues	45,366.0	-	45,366.0
Total Federal Revenues	$ 3,820,940.0	$ 363,188.0	$ 4,184,128.0
Other Governmental Agencies	25,860.0	-	25,860.0
Total Intergovenmental Revenues	$ 9,165,619.0	$ 411,126.0	$ 9,576,745.0
Fines, Forfeitures and Penalties	214,948.0	33.0	214,981.0
Licenses, Permits and Franchises	48,305.0	126.0	48,431.0
Charges for Services	1,646,255.0	2,335,333.0	3,981,588.0
Other Taxes	194,726.0	-	194,726.0
Use of Money and Property	126,316.0	85.0	126,401.0
Miscellaneous Revenues	209,545.0	230,067.0	439,612.0
Operating Contribution from General Fund	-	188,589.0	188,589.0
Total Available Funds	**$ 17,782,636.0**	**$ 3,165,359.0**	**$ 20,947,995.0**

(1) Reflects the 2014-15 Final Adopted General County Budget approved by the Board of Supervisors on September 30, 2014

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2015-16 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,127,634.0	$ -	$ 1,127,634.0
General Services	839,057.0	-	839,057.0
Public Buildings	776,418.0	-	776,418.0
Total General	$ 2,743,109.0	$ -	$ 2,743,109.0
Public Protection			
Justice	$ 5,334,342.0	$ -	$ 5,334,342.0
Other Public Protection	192,298.0	-	192,298.0
Total Public Protection	$ 5,526,640.0	$ -	$ 5,526,640.0
Health and Sanitation	$ 3,390,301.0	$ 3,195,948.0	$ 6,586,249.0
Public Assistance	6,330,105.0	-	6,330,105.0
Recreation and Cultural Services	344,762.0	-	344,762.0
Insurance and Loss Reserve	73,160.0	-	73,160.0
Provision for Obligated Fund Balance	108,753.0	-	108,753.0
Appropriation for Contingency	15,919.0	-	15,919.0
Total Requirements	**$ 18,532,749.0**	**$ 3,195,948.0**	**$ 21,728,697.0**
AVAILABLE FUNDS			
Property Taxes	$ 4,765,596.0	$ -	$ 4,765,596.0
Fund Balance	1,750,126.0	-	1,750,126.0
Cancel Provision for Obligated Fund Balance	60,001.0	222,929.0	282,930.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 335,042.0	$ -	$ 335,042.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	807,966.0	-	807,966.0
Other Public Assistance	1,998,418.0	-	1,998,418.0
Public Protection	1,206,729.0	-	1,206,729.0
Health and Mental Health	996,540.0	43,578.0	1,040,118.0
Capital Projects	102,617.0	-	102,617.0
Other State Revenues	33,108.0	-	33,108.0
Total State Revenues	5,499,420.0	43,578.0	5,542,998.0
Federal Revenues			
Public Assistance Subventions	$ 2,612,878.0	$ 24,373.0	$ 2,637,251.0
Other Public Assistance	196,319.0	-	196,319.0
Public Protection	120,524.0	-	120,524.0
Health and Mental Health	928,659.0	312,739.0	1,241,398.0
Capital Projects	917.0	-	917.0
Other Federal Revenues	40,072.0	-	40,072.0
Total Federal Revenues	$ 3,899,369.0	$ 337,112.0	$ 4,236,481.0
	3,899,369.0	-	
Other Governmental Agencies	39,252.0	-	39,252.0
Total Intergovenmental Revenues	$ 9,438,041.0	$ 380,690.0	$ 9,818,731.0
Fines, Forfeitures and Penalties	218,121.0	275.0	218,396.0
Licenses, Permits and Franchises	53,634.0	126.0	53,760.0
Charges for Services	1,695,388.0	1,845,318.0	3,540,706.0
Other Taxes	209,479.0	-	209,479.0
Use of Money and Property	159,452.0	77.0	159,529.0
Miscellaneous Revenues	182,911.0	453,707.0	636,618.0
Operating Contribution from General Fund	-	292,826.0	292,826.0
Total Available Funds	**$ 18,532,749.0**	**$ 3,195,948.0**	**$ 21,728,697.0**

(1) Reflects the 2015-16 Final Adopted General County Budget approved by the Board of Supervisors on September 29, 2015

PROPERTY TAX RATE, VALUATION AND LEVY

Taxes are levied each fiscal year on taxable real and personal property located in the County as of the preceding January 1st. Upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured”, and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax areas where the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

PAYMENT DATES AND LIENS

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, with a ten percent penalty assessed to any delinquent payments. Any property on the secured roll with delinquent taxes as of July 1 is declared tax-defaulted. Such property taxes may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer and Tax Collector.

Property taxes on the unsecured roll are due as of the January 1st lien date and become delinquent, if unpaid, by August 31st. A ten percent penalty attaches to delinquent property taxes on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1st. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

LARGEST TAXPAYERS

The twenty largest taxpayers in the County included on the Fiscal Year 2015-16 secured tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of $41,002,110,582 which constitutes only 3.57% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2015-16
Southern California Edison Co.	$83,825,944
Douglas Emmett Residential	44,943,811
EQR / ERP Limited	43,985,397
Tesoro Refining and Marketing Co.	31,938,226
Universal Studios LLC	25,980,101
AT&T / Pacific Bell Telephone Co.	22,753,547
Southern California Gas Company	22,685,241
Chevron USA Inc./ Texaco / Unocal	21,639,653
Maguire Properties	20,628,369
Trizec Wilshire Center LLC	20,015,082
Verizon / MCI Communications Ser. Inc.	18,941,906
Exxon / Mobil Oil Corporation	18,283,355
Prologis / AMB	18,032,598
Conoco Phillips Inc.	16,870,853
Essex Portfolio LP	15,152,238
LA Live Properties LLC	14,176,309
Macerich / Westside Pavilion	14,145,931
Participants in Long Beach Unit	13,705,392
Boeing / Hughes Aircraft / McDonnell Douglas Corp.	11,151,238
Kaiser Foundation	11,107,275
	$489,962,466

Total may not add due to rounding.
Source: Los Angeles County Treasurer and Tax Collector

PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the full cash values, property tax levies and collections from Fiscal Years 2010-11 through 2014-15.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2010-11 THROUGH 2014-15

Fiscal Year	Full Cash Value (1)	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections (2)	Current Collection As a Percent of Levies %
2010-11	$997,502,481,662	$2,423,866,268	$2,369,935,057	97.77%
2011-12	1,013,260,968,402	2,471,700,694	2,423,125,703	98.03%
2012-13	1,035,518,346,306	2,534,711,363	2,495,317,019	98.45%
2013-14	1,085,743,685,894	2,662,214,197	2,623,480,895	98.55%
2014-15	1,146,946,428,176	2,813,474,389	2,773,124,193	98.57%

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by community redevelopment agencies are excluded. See "Redevelopment Agencies".
(2) Reflects collection within the fiscal year originally levied.

REDEVELOPMENT AGENCIES

Pursuant to ABX1 26 (the "Redevelopment Dissolution Act"), all redevelopment agencies were dissolved effective February 1, 2012. ABX1 26 bars redevelopment agencies from engaging in new business, provides for their eventual wind down and dissolution, and requires that successor agencies be created to take over from the former agencies. Any tax increment remaining after the payment of enforceable legal obligations, pass-through payments and limited administrative costs will be distributed as property tax revenue to the appropriate taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County was approximately $453.0 million. A more detailed discussion of the redevelopment agency dissolution is provided in the Budgetary Information section of this Appendix A.

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for Fiscal Years 2011-12 through 2015-16.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2011-12 THROUGH 2015-16

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
2011-12	137,243,985,288	1,187,749,842
2012-13	141,074,221,344	1,189,455,554
2013-14	149,910,987,097	1,282,940,191
2014-15	159,180,996,812	1,327,755,469
2015-16	171,855,943,160	(3)

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by former community redevelopment agencies and their successor agencies created under ABX1 26.
(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid-year changes and Supplemental Roll.
(3) Data for Total CRA Tax Allocations is not available.

CASH MANAGEMENT PROGRAM

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts from the two largest sources of County revenue follow an uneven pattern, primarily as a result of unpredictable delays in payments from other governmental agencies and the significant amount of secured property tax revenue received close to the December and April due dates for the first and second installments, respectively.

As a result of the uneven pattern of revenue receipts, the General Fund cash balance prior to Fiscal Year 1977-78 had typically been negative for most of the year and had been covered in part by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution. "Interfund borrowing" is borrowing from specific funds of other governmental entities whose funds are held in the County Treasury. Because such borrowings caused disruptions in the General Fund's management of pooled investments, beginning in 1977, the County eliminated the practice of interfund borrowing and replaced it with a program to manage its cash flow needs by issuing tax and revenue anticipation notes (TRANs) for the General Fund and by using intrafund borrowing.

The use of "intrafund borrowing" for General Fund purposes represents borrowing against funds that are held in trust by the County. Such funds, with the exception of the Hospital Enterprise Funds, are held by the County on a pre-apportionment basis until they are eventually distributed to County operating funds (such as the General Fund) or other governmental agencies. All intrafund borrowings used for General Fund purposes, and all notes issued in connection with the County's cash management program have been repaid in accordance with their required maturity dates.

2015-16 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 12, 2015, the County issued the 2015-16 TRANs with an aggregate principal amount of $900,000,000 due on June 30, 2016. The 2015-16 TRANs are general obligations of the County attributable to Fiscal Year 2015-16 and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the Treasurer and Tax Collector, the County pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2015-16 for the purpose of repaying the 2015-16 TRANs on the June 30, 2016 maturity date. The deposits to the Repayment Fund will be made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2015-16 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	**Deposit Amount**
December, 2015	$315,000,000
January, 2016	315,000,000
April, 2016	314,875,000
Total	$944,875,000

* Includes $900,000,000 of 2015-16 TRANs principal and 5.00% interest.

The County has always maintained full compliance with its deposit obligations with respect to its TRANs program. The following table illustrates the Unrestricted General Fund Receipts collected on a cash flow basis since Fiscal Year 2011-12.

COUNTY OF LOS ANGELES
GENERAL FUND
UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)

	2011-12	2012-13	2013-14	2014-15	2015-16 Estimate
Property Taxes	$3,725,324	$4,276,875	$4,337,915	$4,581,797	$4,708,790
Other Taxes	172,703	167,054	203,396	204,173	189,323
Licenses, Permits and Franchises	58,642	61,268	65,260	58,488	52,950
Fines, Forfeitures and Penalties	218,380	226,737	212,676	197,663	199,034
Investment and Rental Income	111,506	107,105	104,422	131,053	150,944
State In-Lieu Taxes	366,352	335,310	344,971	407,316	355,066
State Homeowner Exemptions	21,505	21,101	19,715	20,277	19,244
Charges for Current Services	1,678,238	1,546,370	1,582,791	1,577,165	1,510,524
Other Revenue*	392,137	552,414	525,570	610,250	650,357
TOTAL UNRESTRICTED RECEIPTS	$6,744,787	$7,294,234	$7,396,716	$7,788,182	$7,836,232

Detail may not add due to rounding.
Source: Los Angeles County Chief Executive Office
* Includes Tobacco Settlement Revenue

Intrafund and Interfund Borrowing

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover its General Fund cash needs, including projected year-end cash requirements. If the County determines that it is necessary to utilize interfund borrowing, then such borrowing may not occur after the last Monday in April of each fiscal year and must be repaid before any other obligation of the County. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

Funds Available for Intrafund Borrowing

After the tax and revenue anticipation note proceeds are utilized, the General Fund may borrow from three fund groups to meet its cash flow needs. The most significant group is the Property Tax Group, which consists of collected property taxes that are awaiting apportionment. The great majority of these amounts will be distributed to other governmental agencies such as school districts.

The second most significant borrowing source includes the various Trust Group funds. The largest of these funds is the Departmental Trust Fund, which consists of various collections, such as court fines and other revenues, awaiting distribution. The majority of these funds will eventually be distributed to entities outside the County. Also included in this group is the Payroll Revolving Fund, which is used as a clearing account for County payroll operations and has a cash balance that consists exclusively (except for a small portion related to the County Superior Court) of advances from funds included in the General County Budget.

The last fund group consists of the Hospital Enterprise Funds. The balances in these funds are different from those in the Property Tax Group and Trust Group in that the Hospital Enterprise Funds are included in the General County Budget. Furthermore, these funds are considered as part of the General Fund for purposes of sizing the County's annual TRANs financing.

The Hospital Enterprise Funds generally represent working capital advances from the General Fund and cash generated from the County hospitals. At year-end, the remaining balances are transferred back to the General Fund.

The average daily balances shown for these intrafund sources are not necessarily indicative of the balances on any given day. The balances in certain funds, such as those in the Property Tax Group, can fluctuate significantly throughout the month. The General Fund cash balance also fluctuates during the month, with the third week being the lowest and month-end the highest due to the timing of revenue deposits from the State and the receipt of welfare advances on the last business day of the month.

The legality of the County's practice of intrafund borrowing was decided and affirmed by the California Court of Appeals in May 1999, in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County of Los Angeles et al.*

The tables at the end of this Financial Summary Section provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Year 2014-15 and Fiscal Year 2015-16.

General Fund Cash Flow Statements

The Fiscal Year 2014-15 and Fiscal Year 2015-16 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2014-15, the County had an ending General Fund cash balance of $1.653 billion. In Fiscal Year 2015-16, the County is estimating an ending cash balance in the General Fund of $927.58 million.

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of December 31, 2015, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in Billions)
County of Los Angeles and Special Districts	$13.809
Schools and Community Colleges	11.438
Independent Public Agencies	2.136
Total	$27.383

Of these entities, the discretionary participants accounted for 6.72% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 31, 2015, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated February 1, 2016, the book value of the Treasury Pool as of December 31, 2015 was approximately $27.383 billion and the corresponding market value was approximately $27.318 billion.

The County maintains a strong system of internal controls for monitoring the cash accounting and investment process. The Treasurer's Internal Controls Branch (ICB) operates independently from the Investment Office, and reconciles cash and investments to fund balances on a daily basis. ICB staff also reviews each investment trade for accuracy and compliance with the Board of Supervisor's adopted Investment Policy. On a quarterly basis, the County's external independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy, and reviews investment transactions to ensure compliance with the Investment Policy.

The following table identifies the types of securities held by the Treasury Pool as of December 31, 2015:

Type of Investment	% of Pool
U.S. Government and Agency Obligations	60.70
Certificates of Deposit	11.24
Commercial Paper	27.71
Bankers Acceptances	0.00
Municipal Obligations	0.17
Corporate Notes & Deposit Notes	0.18
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of December 31, 2015, approximately .46.66% of the investments mature within 60 days, with an average of 513 days to maturity for the entire portfolio.

The County complements its conservative investment policies with a well-established practice of market research and due diligence. The Treasury Pool did not experience a single investment loss as a result of the global financial crisis in Fiscal Year 2008-09. Furthermore, the County has never purchased any structured investment vehicles nor any securities with material exposure to sub-prime mortgages.

FINANCIAL STATEMENTS-GAAP BASIS

Since Fiscal Year 1980-81, the County has prepared its general purpose financial statements in conformity with Generally Accepted Accounting Principles (GAAP) for State and local governments, with annual audits performed by independent certified public accountants.

The basic financial statements for the Fiscal Year ended June 30, 2015, and the unmodified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County budget for the upcoming fiscal year is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements for the current fiscal year. The 2015-16 Final Adopted Budget included an available General Fund balance of $1,750,126,000 as of June 30, 2015.

The 2015-16 Final Adopted Budget uses the fund balance language of the County Budget Act, which has been updated to reflect Governmental Accounting Standards Board (GASB) Statement No. 54.

The amounts presented for the General Fund in accordance with GAAP are based on the modified accrual basis of accounting and differ from the amounts presented on the budgetary basis of accounting. The major areas of difference are described as follows:

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed, and assigned fund balances that are subsequently cancelled or otherwise made available are recorded as changes in fund balance from other financing sources.

- Under the budgetary basis of accounting, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.

- General Fund obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within a one-year period after the fiscal year end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.

- In conjunction with the sale of Tobacco Settlement Asset-Backed Bonds in 2005-06, the County sold a portion of its future tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis of accounting, the bond proceeds were recorded as deferred inflows of resources and were being recognized over the duration of the sale agreement, in accordance with GASB Statements No. 48 and No. 65. This matter is discussed in further detail in Note 11 to the 2014-15 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis of accounting, property tax revenues are recognized to the extent that they are collectible within a one-year period after the fiscal year end. Under the modified accrual basis of accounting, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis of accounting, the effects of such fair value changes have been recognized as a component of investment income.

- In conjunction with the implementation of GASB Statement No. 45, the County determined that certain assets were held by LACERA (as the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis of accounting, the expenditures are adjusted to recognize the OPEB Agency assets as of June 30, 2015.

The tables below provide a reconciliation of the General Fund's June 30, 2015 fund balance on a budgetary and GAAP basis, and a summary of the audited Balance Sheets and Statements of Revenues and Expenditures and Changes in Fund Balance from Fiscal Year 2010-11 to Fiscal Year 2014-15.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2015 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$1,750,126
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	138,101
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	174,097
Accrual of liabilities for accrued compensated absences not required by GAAP	60,107
Change in revenue accruals related to encumbrances	(82,699)
Deferral of property tax receivables	(69,099)
Unamortized balance of sale of tobacco settlement revenue	(237,055)
Change in fair value of Investments	(4,452)
Reserve for "Rainy Day" Fund	306,319
Unassigned Fund Balance - GAAP Basis	$2,035,445

Source: Los Angeles County Auditor-Controller

COUNTY OF LOS ANGELES

BALANCE SHEET AT JUNE 30, 2011, 2012, 2013, 2014 and 2015
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
ASSETS					
Pooled Cash and Investments	$2,151,267	$2,010,858	$1,637,765	$1,933,794	$2,678,685
Other Investments	16,589	11,109	5,676	4,810	4,655
Taxes Receivable	210,914	186,830	171,919	169,141	157,215
Other Receivables	1,763,649	1,586,097	1,777,034	1,996,683	1,888,537
Due from Other Funds	356,860	407,604	391,605	283,255	460,987
Advances to Other Funds	1,063,061	703,512	754,376	885,314	434,849
Inventories	54,145	51,616	47,375	56,790	48,186
Total Assets	$5,616,485	$4,957,626	$4,785,750	$5,329,787	$5,673,114
LIABILITIES					
Accounts Payable	$286,597	$354,119	$321,509	$516,410	$410,671
Accrued Payroll	289,546	303,615	309,926	331,045	356,579
Other Payables	1,039,126	525,438	89,852	111,019	115,998
Due to Other Funds	464,170	390,153	461,480	158,626	271,800
Deferred Revenue*	382,897	346,488	302,656	0	0
Advances Payable	411,508	379,847	404,975	575,567	853,441
Third-Party Payor Liability	20,198	16,015	15,702	26,207	39,693
Total Liabilities	$2,894,042	$2,315,675	$1,906,100	$1,718,874	$2,048,182
DEFERRED INFLOWS OF RESOURCES*				$508,105	$435,109
FUND BALANCES					
Nonspendable	259,127	$259,597	$253,836	$272,007	$272,384
Restricted	35,377	55,115	59,786	40,577	55,694
Committed		332,255	528,865	482,740	334,346
Assigned	763,038	405,285	376,181	538,078	491,954
Unassigned	1,664,901	1,589,699	1,660,982	1,769,406	2,035,445
Total Fund Balances	2,722,443	2,641,951	2,879,650	3,102,808	3,189,823
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$5,616,485	$4,957,626	$4,785,750	$5,329,787	$5,673,114

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2011, 2012, 2013, 2014 and 2015.
*The County implemented GASB Statement 65 "Items Previously Reported as Assets and Liabilities" in FY 2013-14. As of June 30, 2014, deferred inflows and outflows of resources are reported in the new required GASB 65 format.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2010-11 THROUGH 2014-15 (in thousands of $)

	2010-11	2011-12	2012-13	2013-14	2014-15
REVENUES:					
Taxes	$3,843,366	$3,980,409	$4,267,858	$4,520,755	$4,772,762
Licenses, Permits & Franchises	56,656	57,144	61,412	59,886	61,561
Fines, Forfeitures and Penalties	244,787	217,972	222,226	207,094	207,684
Use of Money and Property	130,140	103,029	89,841	128,501	141,816
Aid from Other Government	7,506,492	7,632,814	8,182,687	8,395,672	8,574,288
Charges for Services	1,641,399	1,700,540	1,565,937	1,743,447	1,491,656
Miscellaneous Revenues	145,414	134,071	216,977	152,663	204,966
TOTAL	$13,568,254	$13,825,979	$14,606,938	$15,208,018	$15,454,733
EXPENDITURES					
General	$883,854	$983,077	$979,989	$998,438	$1,155,070
Public Protection	4,401,985	4,538,075	4,694,982	4,843,148	5,136,461
Health and Sanitation	2,476,524	2,689,192	2,779,870	3,204,177	2,931,257
Public Assistance	5,217,560	5,108,516	5,247,031	5,430,398	5,682,198
Recreation and Cultural Services	263,046	255,818	272,835	282,660	304,895
Debt Service	278,477	24,602	30,816	28,928	27,060
Capital Outlay	32,598	20,106	8,065	2,398	866
Total	$13,554,044	$13,619,386	$14,013,588	$14,790,147	$15,237,807
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$14,210	$206,593	$593,350	$417,871	$216,926
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	($340,128)	($306,002)	($359,171)	($197,219)	($131,647)
Sales of Capital Assets	9,027	3,789	740	770	870
Capital Leases	43,523	15,128	2,780	1,736	866
OTHER FINANCING SOURCES (USES)-Net	($287,578)	($287,085)	($355,651)	($194,713)	($129,911)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	(273,368)	(80,492)	237,699	223,158	87,015
Beginning Fund Balance	2,995,811	2,722,443	2,641,951	2,879,650	3,102,808
Ending Fund Balance	$2,722,443	$2,641,951	$2,879,650	$3,102,808	$3,189,823

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2011, 2012, 2013, 2014 and 2015.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2014-15: 12 MONTHS ACTUAL
2015-16: 7 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2014-15
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015
PROPERTY TAX GROUP							
Tax Collector Trust Fund	$ 82,785	$ 61,674	$ 54,634	$ 522,524	$ 1,309,694	$ 2,614,653	$ 797,754
Auditor Unapportioned Property Tax	175,528	81,191	99,379	151,115	944,396	1,724,574	1,220,545
Unsecured Property Tax	125,354	126,980	131,810	155,178	124,293	73,563	62,588
Miscellaneous Fees & Taxes	8,065	7,790	7,455	6,455	6,420	6,287	6,295
State Redemption Fund	37,442	70,308	49,316	55,960	43,389	23,851	27,263
Education Revenue Augmentation	162,659	168,222	142,225	142,225	159,499	555,922	376,436
State Reimbursement Fund	0	0	0	0	2,265	9,052	20,065
Sales Tax Replacement Fund	93	4,798	17,660	17,660	17,660	19,949	81,132
Vehicle License Fee Replacement Fund	501	25,739	94,741	94,741	94,741	107,019	455,995
Property Tax Rebate Fund	545	915	1,060	1,016	5,085	3,971	9,784
Utility User Tax Trust Fund	1,484	3,757	6,735	12,439	17,194	21,796	26,938
Subtotal	$ 594,456	$ 551,374	$ 605,015	$ 1,159,313	$ 2,724,636	$ 5,160,637	$ 3,084,795
VARIOUS TRUST GROUP							
Departmental Trust Fund	$ 554,127	$ 514,454	$ 490,506	$ 510,278	$ 512,868	$ 518,825	$ 523,483
Payroll Revolving Fund	48,464	49,721	49,450	47,916	46,736	49,949	46,349
Asset Development Fund	43,251	43,236	43,254	43,281	43,294	43,446	43,611
Productivity Investment Fund	4,385	4,213	4,196	5,949	6,333	6,408	6,418
Motor Vehicle Capital Outlays	1,074	6,016	6,027	5,982	5,930	5,930	5,930
Civic Center Parking	56	249	216	155	47	255	136
Reporters Salary Fund	437	257	604	305	125	535	342
Cable TV Franchise Fund	12,554	12,250	12,744	12,911	12,768	13,186	13,200
Megaflex Long-Term Disability	15,436	15,302	15,110	14,844	14,637	14,580	14,494
Megaflex Long-Term Disability & Health	8,460	8,511	8,584	8,645	8,699	8,769	8,851
Megaflex Short-Term Disability	38,580	38,909	39,176	39,466	39,884	40,313	40,579
Subtotal	$ 726,824	$ 693,118	$ 669,867	$ 689,732	$ 691,321	$ 702,196	$ 703,393
HOSPITAL GROUP							
Harbor-UCLA Medical Center	$ 482	$ 7,757	$ 978	$ 2,416	$ 2,010	$ 653	$ 3,116
Olive View-UCLA Medical Center	(1,026)	4,753	1,820	447	2,479	849	4,729
LAC+USC Medical Center	(13,221)	16,881	5,869	(3,066)	7,621	5,010	(2,825)
MLK Ambulatory Care Center	453	452	453	453	452	452	454
Rancho Los Amigos Rehab Center	129	(312)	742	438	293	(306)	687
LAC+USC Medical Center Equipment	0	0	0	0	0	0	0
Subtotal	$ (13,183)	$ 29,531	$ 9,862	$ 688	$ 12,855	$ 6,658	$ 6,161
GRAND TOTAL	**$ 1,308,097**	**$ 1,274,023**	**$ 1,284,744**	**$ 1,849,733**	**$ 3,428,812**	**$ 5,869,491**	**$ 3,794,349**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

February 2015	March 2015	April 2015	May 2015	June 2015	
					PROPERTY TAX GROUP
$ 485,268	$ 702,363	$ 2,437,989	$ 855,364	$ 159,682	**Tax Collector Trust Fund**
815,557	602,181	1,413,848	634,539	161,737	**Auditor Unapportioned Property Tax**
63,165	55,450	47,658	70,732	101,552	**Unsecured Property Tax**
6,249	6,278	6,336	6,222	6,312	**Miscellaneous Fees & Taxes**
26,506	22,668	24,261	22,638	18,851	**State Redemption Fund**
244,042	213,066	472,760	223,295	322,140	**Education Revenue Augmentation**
1,109	1,109	2,166	21,155	7,953	**State Reimbursement Fund**
19,768	37,033	39,454	89,460	0	**Sales Tax Replacement Fund**
105,755	204,300	218,117	506,265	0	**Vehicle License Fee Replacement Fund**
9,716	6,450	9,458	9,641	5,449	**Property Tax Rebate Fund**
33,672	14,099	2,852	8,635	13,411	**Utility User Tax Trust Fund**
$ 1,810,807	$ 1,864,997	$ 4,674,899	$ 2,447,946	$ 797,087	**Subtotal**
					VARIOUS TRUST GROUP
$ 512,255	$ 522,276	$ 540,877	$ 524,905	$ 491,619	**Departmental Trust Fund**
61,240	62,729	45,329	45,182	40,957	**Payroll Revolving Fund**
43,693	43,814	43,962	44,039	43,397	**Asset Development Fund**
6,479	6,154	5,808	5,758	5,665	**Productivity Investment Fund**
5,921	5,882	5,904	5,904	5,904	**Motor Vehicle Capital Outlays**
103	115	132	226	149	**Civic Center Parking**
345	568	533	296	470	**Reporters Salary Fund**
12,778	13,146	13,115	12,694	13,155	**Cable TV Franchise Fund**
14,466	14,320	14,277	14,151	14,058	**Megaflex Long-Term Disability**
8,894	8,948	8,999	9,075	9,159	**Megaflex Long-Term Disability & Health**
41,013	41,644	42,110	42,712	43,311	**Megaflex Short-Term Disability**
$ 707,187	$ 719,596	$ 721,046	$ 704,942	$ 667,844	**Subtotal**
					HOSPITAL GROUP
$ 1,924	$ (42)	$ 735	$ 1,714	$ 1,383	**Harbor-UCLA Medical Center**
2,071	869	2,224	3,047	3,151	**Olive View-UCLA Medical Center**
4,503	1,351	(8,347)	4,818	1,834	**LAC + USC Medical Center**
452	430	429	429	429	**MLK Ambulatory Care Center**
(147)	240	1,753	179	561	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 8,803	$ 2,848	$ (3,206)	$ 10,187	$ 7,358	**Subtotal**
$ 2,526,797	**$ 2,587,441**	**$ 5,392,739**	**$ 3,163,075**	**$ 1,472,289**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2015-16
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 79,551	$ 38,664	$ 35,868	$ 412,749	$ 1,421,311	$ 3,637,614
Auditor Unapportioned Property Tax	177,229	39,008	118,073	152,847	686,356	601,474
Unsecured Property Tax	154,844	200,302	140,114	170,819	131,290	69,667
Miscellaneous Fees & Taxes	6,284	6,303	6,322	6,325	6,285	6,431
State Redemption Fund	29,524	41,358	38,760	49,493	35,646	31,315
Education Revenue Augmentation	335,161	352,258	317,444	317,802	333,348	779,132
State Reimbursement Fund	0	0	0	0	445	8,500
Sales Tax Replacement Fund	324	5,486	19,593	19,593	19,629	20,672
Vehicle License Fee Replacement Fund	1,736	29,429	105,107	105,107	105,811	126,239
Property Tax Rebate Fund	4,894	6,537	2,348	6,624	8,103	11,145
Utility User Tax Trust Fund	2,588	4,542	8,104	12,361	17,228	22,807
Subtotal	$ 792,135	$ 723,887	$ 791,733	$ 1,253,720	$ 2,765,452	$ 5,314,996
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 520,334	$ 513,622	$ 466,429	$ 493,827	$ 526,302	$ 522,861
Payroll Revolving Fund	45,882	53,107	44,793	44,618	48,743	48,388
Asset Development Fund	43,137	43,154	43,213	43,237	43,256	43,275
Productivity Investment Fund	5,024	4,627	3,988	3,830	3,774	4,248
Motor Vehicle Capital Outlays	5,904	5,881	5,354	5,337	5,337	5,300
Civic Center Parking	322	86	186	164	82	25
Reporters Salary Fund	350	391	380	498	248	276
Cable TV Franchise Fund	12,641	12,340	12,339	12,590	12,415	12,973
Megaflex Long-Term Disability	13,947	13,888	13,738	13,712	13,550	13,475
Megaflex Long-Term Disability & Health	9,207	9,286	9,336	9,417	9,512	9,597
Megaflex Short-Term Disability	43,729	44,219	44,655	45,066	45,557	45,992
Subtotal	$ 700,477	$ 700,601	$ 644,411	$ 672,296	$ 708,776	$ 706,410
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ (1,870)	$ 1,271	$ 1,400	2,502	$ 16,660	$ (2,609)
Olive View-UCLA Medical Center	(545)	1,191	1,873	866	11,307	(2,566)
LAC+USC Medical Center	(8,244)	7,330	(3,690)	(4,169)	16,183	230
MLK Ambulatory Care Center	429	359	-	0	0	0
Rancho Los Amigos Rehab Center	(263)	(624)	1,536	3,280	1,327	(249)
LAC+USC Medical Center Equipment	0	0	0	0	0	0
Subtotal	$ (10,493)	$ 9,527	$ 1,119	$ 2,479	$ 45,477	$ (5,194)
GRAND TOTAL	**$ 1,482,119**	**$ 1,434,015**	**$ 1,437,263**	**$ 1,928,495**	**$ 3,519,705**	**$ 6,016,212**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2016	Estimated February 2016	Estimated March 2016	Estimated April 2016	Estimated May 2016	Estimated June 2016	
						PROPERTY TAX GROUP
$ 1,038,923	$ 509,531	$ 737,481	$ 2,559,888	$ 979,843	$ 179,993	**Tax Collector Trust Fund**
1,101,787	856,335	632,290	1,484,540	689,780	187,045	**Auditor Unapportioned Property Tax**
58,061	66,323	58,223	50,041	94,621	128,200	**Unsecured Property Tax**
6,411	6,249	6,278	8,646	9,198	8,868	**Miscellaneous Fees & Taxes**
22,726	27,831	23,801	25,474	34,647	25,268	**State Redemption Fund**
551,398	256,244	223,719	496,398	79,607	168,583	**Education Revenue Augmentation**
19,832	1,164	1,164	2,274	29,269	11,261	**State Reimbursement Fund**
44,043	20,756	38,885	41,427	81,348	0	**Sales Tax Replacement Fund**
583,956	111,043	214,515	229,023	574,415	0	**Vehicle License Fee Replacement Fund**
13,605	9,716	6,450	0	0	0	**Property Tax Rebate Fund**
17,872	33,672	14,099	9,832	7,261	11,403	**Utility User Tax Trust Fund**
$ 3,458,614	$ 1,898,866	$ 1,956,906	$ 4,907,543	$ 2,579,988	$ 720,620	**Subtotal**
						VARIOUS TRUST GROUP
$ 531,031	$ 517,378	$ 527,499	$ 675,311	$ 555,784	$ 542,645	**Departmental Trust Fund**
49,792	63,690	65,238	48,296	62,091	51,560	**Payroll Revolving Fund**
43,286	44,000	44,000	44,000	44,000	44,000	**Asset Development Fund**
6,258	6,000	6,000	6,000	6,000	6,000	**Productivity Investment Fund**
5,261	6,000	6,000	6,000	6,000	6,000	**Motor Vehicle Capital Outlays**
230	103	115	319	239	143	**Civic Center Parking**
418	345	568	419	559	413	**Reporters Salary Fund**
13,039	13,000	13,000	13,000	13,000	13,000	**Cable TV Franchise Fund**
13,469	15,045	14,893	14,893	14,893	14,893	**Megaflex Long-Term Disability**
9,662	9,250	9,306	9,306	9,306	9,306	**Megaflex Long-Term Disability & Health**
46,496	42,654	43,310	43,310	43,310	43,310	**Megaflex Short-Term Disability**
$ 718,942	$ 717,463	$ 729,928	$ 860,853	$ 755,181	$ 731,269	**Subtotal**
						HOSPITAL GROUP
$ 2,424	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	**Harbor-UCLA Medical Center**
1,745	1,000	1,000	1,000	1,000	1,000	**Olive View-UCLA Medical Center**
(1,907)	1,000	1,000	1,000	1,000	1,000	**LAC + USC Medical Center**
0	1,000	1,000	1,000	1,000	1,000	**MLK Ambulatory Care Center**
1,100	1,000	1,000	1,000	1,000	1,000	**Rancho Los Amigos Rehab Center**
0	0	0	0	0	0	**LAC+USC Medical Center Equipment**
$ 3,362	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	**Subtotal**
$ 4,180,918	**$ 2,621,329**	**$ 2,691,834**	**$ 5,773,396**	**$ 3,340,169**	**$ 1,456,889**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2014-15: 12 MONTHS ACTUAL
2015-16: 7 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2014-15
(in thousands of $)

	July 2014	August 2014	September 2014	October 2014	November 2014
BEGINNING BALANCE	$ 1,025,985	$ 1,301,521	$ 994,697	$ 563,608	$ 215,745
RECEIPTS					
Property Taxes	$ 27,651	$ 103,162	0	$ 96	$ 45,898
Other Taxes	10,069	18,381	12,868	10,718	13,517
Licenses, Permits & Franchises	2,610	3,285	4,185	3,182	2,532
Fines, Forfeitures & Penalties	20,663	21,395	10,623	12,645	18,196
Investment and Rental Income	14,624	9,613	8,670	11,970	7,458
Motor Vehicle (VLF) Realignment	0	34,418	55,791	25,789	38,077
Sales Taxes - Proposition 172	66,705	55,919	45,254	61,560	78,022
1991 Program Realignment	72,036	23,628	9,198	47,389	58,241
Other Intergovernmental Revenue	152,891	294,683	133,741	205,981	174,871
Charges for Current Services	144,728	134,476	91,504	115,466	99,988
Other Revenue & Tobacco Settlement	66,681	52,802	73,283	39,172	31,624
Transfers & Reimbursements	25,849	517	736	36,993	11,247
Hospital Loan Repayment*	45,993	260,499	145,337	203,511	187,282
Welfare Advances	370,897	222,153	350,312	489,894	447,018
Other Financing Sources/MHSA	54,602	48,165	0	19,590	30,068
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	900,000	0	0	0	0
Total Receipts	$ 1,975,999	$ 1,283,096	$ 941,502	$ 1,283,956	$ 1,244,039
DISBURSEMENTS					
Welfare Warrants	$ 193,200	$ 196,633	$ 246,948	$ 192,696	$ 243,472
Salaries	412,315	408,609	404,933	406,654	413,009
Employee Benefits	264,126	255,478	226,942	261,634	264,174
Vendor Payments	616,481	401,673	320,690	366,879	382,576
Loans to Hospitals*	88,526	136,561	170,272	313,388	166,165
Hospital Subsidy Payments	104,899	130,865	340	9,309	0
Transfer Payments	20,916	60,101	2,466	81,259	10,945
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,700,463	$ 1,589,920	$ 1,372,591	$ 1,631,819	$ 1,480,341
ENDING BALANCE	**$ 1,301,521**	**$ 994,697**	**$ 563,608**	**$ 215,745**	**$ (20,557)**
Borrowable Resources (Avg. Balance)	$ 1,308,097	$ 1,274,023	$ 1,284,744	$ 1,849,733	$ 3,428,812
Total Cash Available	$ 2,609,618	$ 2,268,720	$ 1,848,352	$ 2,065,478	$ 3,408,255

* The net change in the outstanding Hospital Loan Balance is a decrease of $451.1 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	Total 2014-15
	$ (20,557)	$ 231,055	$ 600,670	$ 552,198	$ 335,074	$ 426,895	$ 1,079,020	
	$ 1,103,659	$ 1,049,118	$ 202,036	$ 18,856	$ 799,010	$ 1,015,133	$ 217,178	$ 4,581,797
	11,837	12,687	10,797	35,097	28,217	12,251	27,734	204,173
	3,204	4,090	2,552	5,638	12,773	11,167	3,270	58,488
	10,228	10,587	21,116	16,671	12,468	31,493	11,578	197,663
	13,001	9,123	8,777	9,413	10,016	16,657	11,731	131,053
	31,482	29,730	28,025	28,541	63,863	32,288	39,312	407,316
	53,006	53,274	77,158	43,484	48,613	67,895	52,135	703,025
	30,331	30,892	55,410	26,973	26,850	46,988	30,509	458,445
	184,144	238,352	111,392	205,291	177,227	244,408	318,379	2,441,360
	155,869	170,027	85,530	107,062	121,405	98,565	252,545	1,577,165
	72,220	7,120	(8,961)	46,750	105,092	26,387	110,159	622,329
	48,295	7,449	6,824	11,400	10,403	(171)	21,647	181,189
	75,489	143,308	359,454	202,662	254,788	237,733	513,560	2,629,616
	280,807	490,283	326,534	439,770	317,828	322,406	483,862	4,541,764
	31,413	12,239	14,472	23,191	20,531	34,607	0	288,878
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	900,000
	$ 2,104,985	$ 2,268,279	$ 1,301,116	$ 1,220,799	$ 2,009,084	$ 2,197,807	$ 2,093,599	$ 19,924,261
	$ 217,958	$ 214,960	$ 215,406	$ 217,895	$ 247,656	$ 226,717	$ 270,443	$ 2,683,984
	422,307	436,989	429,261	417,606	429,981	422,434	427,783	5,031,881
	240,428	283,219	277,427	242,609	279,313	275,827	237,331	3,108,508
	410,662	349,375	308,645	370,823	338,291	340,739	363,153	4,569,987
	236,986	210,184	110,505	167,570	202,608	184,249	191,493	2,178,507
	0	0	0	(2,163)	0	(200)	8,940	251,990
	10,032	88,937	8,344	23,583	135,951	95,916	20,310	558,760
	315,000	315,000	0	0	283,463	0	0	913,463
	0	0	0	0	0	0	0	0
	$ 1,853,373	$ 1,898,664	$ 1,349,588	$ 1,437,923	$ 1,917,263	$ 1,545,682	$ 1,519,453	$ 19,297,080
	$ 231,055	**$ 600,670**	**$ 552,198**	**$ 335,074**	**$ 426,895**	**$ 1,079,020**	**$ 1,653,166**	
	5,869,491	$ 3,794,349	$ 2,526,797	$ 2,587,441	$ 5,392,739	$ 3,163,075	$ 1,472,289	
	$ 6,100,546	$ 4,395,019	$ 3,078,995	$ 2,922,515	$ 5,819,634	$ 4,242,095	$ 3,125,455	

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COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2015-16
(in thousands of $)

	July 2015	August 2015	September 2015	October 2015	November 2015
BEGINNING BALANCE	$ 1,653,166	$ 1,901,844	$ 1,626,863	$ 1,254,727	$ 868,460
RECEIPTS					
Property Taxes	$ 42,262	$ 97,194	0	0	$ 46,344
Other Taxes	12,434	18,810	13,649	13,232	12,926
Licenses, Permits & Franchises	3,454	4,591	3,119	3,288	2,275
Fines, Forfeitures & Penalties	28,677	17,736	10,538	10,621	16,066
Investment and Rental Income	13,049	8,800	22,330	7,060	13,136
Motor Vehicle (VLF) Realignment	2,000	25,402	40,758	32,859	45,690
Sales Taxes - Proposition 172	63,581	58,748	50,087	54,942	65,399
1991 Program Realignment	66,068	31,843	46,010	65,890	61,288
Other Intergovernmental Revenue	94,333	290,990	143,868	229,708	213,697
Charges for Current Services	117,542	160,888	82,696	120,439	67,874
Other Revenue & Tobacco Settlement	109,843	177,364	172,058	318	(86,929)
Transfers & Reimbursements	24,594	0	853	7,521	10,532
Hospital Loan Repayment*	69,051	277,728	1,216	332,615	175,437
Welfare Advances	320,351	243,808	464,675	377,286	341,340
Other Financing Sources/MHSA	77,518	26,949	0	37,974	14,248
Intrafund Borrowings	0	0	0	0	0
TRANs Sold	900,000	0	0	0	0
Total Receipts	$ 1,944,757	$ 1,440,851	$ 1,051,857	$ 1,293,753	$ 999,323
DISBURSEMENTS					
Welfare Warrants	$ 194,827	$ 228,927	$ 227,800	$ 229,492	$ 213,762
Salaries	441,377	436,452	430,466	436,139	444,676
Employee Benefits	270,381	286,918	249,022	267,479	277,060
Vendor Payments	551,564	406,413	307,207	328,084	364,785
Loans to Hospitals*	12,651	125,806	192,694	333,097	128,254
Hospital Subsidy Payments	196,890	180,670	11,268	0	(11,698)
Transfer Payments	28,389	50,646	5,536	85,729	36,710
TRANs Pledge Transfer	0	0	0	0	0
Intrafund Repayment	0	0	0	0	0
Total Disbursements	$ 1,696,079	$ 1,715,832	$ 1,423,993	$ 1,680,020	$ 1,453,549
ENDING BALANCE	**$ 1,901,844**	**$ 1,626,863**	**$ 1,254,727**	**$ 868,460**	**$ 414,234**
Borrowable Resources (Avg. Balance)	$ 1,482,119	$ 1,434,015	$ 1,437,263	$ 1,928,495	$ 3,519,705
Total Cash Available	$ 3,383,963	$ 3,060,878	$ 2,691,990	$ 2,796,955	$ 3,933,939

* The net change in the outstanding Hospital Loan Balance is a decrease of $67 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

December 2015	January 2016	Estimated February 2016	Estimated March 2016	Estimated April 2016	Estimated May 2016	Estimated June 2016	Total 2015-16
$ 414,234	$ 1,022,814	$ 1,299,857	$ 1,095,917	$ 521,010	$ 487,428	$ 948,082	
$ 1,170,743	$ 1,099,871	$ 215,324	$ 14,240	$ 846,694	$ 1,007,531	$ 168,587	$ 4,708,790
11,380	39,878	8,099	22,866	13,001	7,270	15,777	189,323
4,220	2,184	2,548	5,630	10,454	5,574	5,612	52,950
9,397	9,780	21,455	16,939	15,618	29,491	12,716	199,034
14,870	26,379	10,904	11,693	7,642	7,190	7,892	150,944
33,514	30,032	29,180	30,022	31,807	30,859	22,943	355,066
58,361	51,360	80,660	55,242	50,819	71,789	63,849	724,837
52,769	44,917	59,527	38,162	39,158	54,608	41,255	601,496
240,529	175,779	200,831	139,622	151,857	219,192	148,062	2,248,467
215,711	154,426	107,910	108,058	108,727	117,476	148,778	1,510,524
(24,515)	120,612	14,659	19,016	80,282	18,689	48,959	650,357
39,121	19,338	7,633	10,671	3,946	6,311	12,017	142,536
95,224	50,537	115,231	61,682	78,211	121,909	242,727	1,621,567
535,875	428,185	343,630	349,794	319,911	315,619	441,870	4,482,344
27,677	13,841	26,885	21,155	22,906	24,528	20,177	313,858
0	0	0	0	0	0	0	0
41,842	0	0	0	0	0	0	941,842
$ 2,526,718	$ 2,267,119	$ 1,244,474	$ 904,791	$ 1,781,034	$ 2,038,036	$ 1,401,222	$ 18,893,935
$ 222,629	$ 223,111	$ 226,968	$ 228,308	$ 248,866	$ 246,191	$ 269,079	$ 2,759,961
468,445	472,192	455,786	443,411	436,461	439,213	411,412	5,316,030
246,215	310,352	291,901	255,267	284,780	339,264	260,532	3,339,172
367,791	368,051	363,547	436,786	445,792	471,081	455,783	4,866,883
282,620	215,891	86,423	87,036	54,672	17,329	18,060	1,554,533
(400)	0	0	0	0	0	0	376,730
15,838	85,479	23,788	28,891	74,044	64,305	6,855	506,211
315,000	315,000	0	0	270,000	0	0	900,000
0	0	0	0	0	0	0	0
$ 1,918,138	$ 1,990,076	$ 1,448,414	$ 1,479,699	$ 1,814,615	$ 1,577,383	$ 1,421,722	$ 19,619,520
$ 1,022,814	**$ 1,299,857**	**$ 1,095,917**	**$ 521,010**	**$ 487,428**	**$ 948,082**	**$ 927,581**	
$ 6,016,212	$ 4,180,918	$ 2,621,329	$ 2,691,834	$ 5,773,396	$ 3,340,169	$ 1,456,889	
$ 7,039,026	$ 5,480,775	$ 3,717,245	$ 3,212,844	$ 6,260,825	$ 4,288,251	$ 2,384,471	

DEBT SUMMARY

INTRODUCTION

The County has issued various types of notes, bonds, and certificates to finance and refinance its cash management requirements, the replacement of essential equipment, and the acquisition, construction and/or improvement of government buildings and public facilities. The County has not entered into any swap agreements, or other similar interest rate derivative contracts, in connection with its outstanding debt.

OUTSTANDING OBLIGATIONS

As of July 1, 2015, approximately $1.634 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $585 million of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Fund, and Hospital Enterprise Funds secure the remaining $1.049 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2015-16.

COUNTY OF LOS ANGELES
ADDITIONAL FUNDING SOURCES FOR REPAYMENT OF COUNTY INTERMEDIATE AND LONG-TERM OBLIGATIONS

2015-16 Payments

Funding Source	2015-16 Payment
Total 2015-16 Payment Obligations	$172,833,552
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	72,107,436
Courthouse Construction Funds	25,635,249
Special Districts/Special Funds	2,775,617
Net 2015-16 General Fund Obligations	$72,315,250

Source: Los Angeles County Auditor-Controller

As of January 1, 2016, the County had $1.335 billion of outstanding short-term obligations, which include $900 million in TRANs, $47.0 million in Bond Anticipation Notes, and $387.9 million in Lease Revenue Tax-exempt Commercial Paper Notes. The following table summarizes the outstanding General County debt and note obligations.

SUMMARY OF OUTSTANDING PRINCIPAL

As of January 1, 2016 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$900,000
Bond Anticipation Notes	47,000
Lease Revenue Notes	387,860
Intermediate & Long-Term Obligations	1,540,019
Total Outstanding Principal	$2,874,879

Source: Los Angeles County Treasurer and Tax Collector and Auditor-Controller

The tables at the end of this section provide a detailed summary of the funding sources for the County's outstanding obligations and future debt service payments.

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

In 1977, the County implemented a cash management program to finance its General Fund cash flow deficits, which occur periodically during the fiscal year. Since the program's inception, the County has annually sold varying amounts of tax anticipation notes and tax and revenue anticipation notes (including commercial paper).

Pursuant to a resolution adopted by the Board of Supervisors on May 12, 2015, the County issued $900 million of 2015-16 TRANs on July 1, 2015. The 2015-16 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2015-16, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2015-16 Tax and Revenue Anticipation Notes" of this Appendix A.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance from the proceeds of long-term bonds or other available funds. Repayment is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of January 1, 2016, $47.0 million in BANs are outstanding. The County expects to repay the outstanding BANs in full with the proceeds of intermediate-term bonds to be issued by LAC-CAL on or before July 1, 2016.

Lease Revenue Note Program

In April 2013, the County restructured and expanded its Lease Revenue Commercial Paper Program. Under the new Lease Revenue Note Program (the “Note Program”), the County increased the maximum authorized principal amount from $400 million to $600 million. The short-term lease revenue notes issued through the Note Program will continue to finance construction costs on various capital projects throughout the County. The Note Program consists of three Irrevocable, Direct-Pay Letters of Credit (“LOC”) in the aggregate principal amount of $450 million issued by JP Morgan (Series A - $150 million), U.S. Bank (Series B - $100 million) and Wells Fargo (Series C - $200 million); and a Direct Placement Revolving Credit Facility with Bank of America (Series D - $150 million). The Note Program is secured by a lease-revenue financing structure between LAC-CAL and the County, and a portfolio of twenty County-owned properties pledged as collateral to secure the credit facilities. The four credit agreements, which are scheduled to terminate on April 18, 2016, provide credit enhancement and liquidity facilities to support the issuance of tax-exempt, taxable and 501c(3) eligible commercial paper and short-term direct placement revolving notes. As of January 1, 2016, $387.9 million of tax-exempt commercial paper notes are outstanding. The Note Program provides the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which will eventually be refinanced with the issuance of long-term bonds upon completion.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of July 1, 2015, approximately $1.634 billion in principal remained outstanding on such obligations. The County’s lease obligations are secured by revenues from various funding sources, including the General Fund, and are subject to annual appropriation. The Fiscal Year 2015-16 Adopted Budget contains sufficient appropriations to fund the County’s lease payment obligations in Fiscal Year 2015-16. The County’s Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

DEBT RATIOS

The ratio of the General Fund’s outstanding debt to the net revenue-producing valuation of the property tax roll (the “Net Local Roll”) decreased from 0.132% in Fiscal Year 2014-15 to 0.129% in Fiscal Year 2015-16. The following table provides the ratio of the General Fund’s outstanding debt to the Net Local Roll over the past ten years.

COUNTY OF LOS ANGELES
OUTSTANDING DEBT TO ASSESSED VALUATION AS OF JULY 1

Fiscal Year	Outstanding Principal	Net Local Property Tax Roll	Debt To Value Ratio
2006-07	$1,786,504,365	$913,572,838,291	0.196%
2007-08	1,441,826,104	997,789,741,224	0.145%
2008-09	1,180,113,183	1,067,594,451,410	0.111%
2009-10	972,937,056	1,062,174,404,954	0.092%
2010-11	805,297,030	1,042,339,975,681	0.077%
2011-12	1,397,467,754	1,056,493,252,156	0.132%
2012-13	1,370,642,758	1,079,685,510,076	0.127%
2013-14	1,622,142,327	1,129,994,170,579	0.144%
2014-15	1,576,510,029	1,191,806,972,618	0.132%
2015-16	1,633,835,517	1,264,906,464,546	0.129%

Source: Los Angeles County Assessor and Auditor-Controller

OTHER DEBT OBLIGATIONS

Tobacco Bonds

On February 8, 2006 the California County Tobacco Securitization Agency (the “Agency”), a Joint Exercise of Powers Authority, issued $319.8 million in Tobacco Settlement Asset-Backed Bonds (the “Tobacco Bonds”) for the purpose of loaning the proceeds to the Los Angeles County Securitization Corporation (the “Corporation”). The Corporation used the Tobacco Bond proceeds to purchase 25.9% of the County’s annual Tobacco Settlement Revenues (the “TSRs”) paid by the tobacco companies participating in the Master Settlement Agreement. The Tobacco Bonds are secured by the 25.9% portion of the annual TSRs, and are not considered a debt obligation of the County.

DPSS Lease Obligations

Beginning January 28, 1999 through July 28, 2005, the County entered into several build to suit operating and capital lease agreements with various organizations whereby the County would lease buildings and improvements for use by County Departments including the Department of Public Social Services (the “DPSS Facilities”). In order to facilitate the construction of the DPSS Facilities, financing was obtained through the sale of Certificates of Participation (“COPs”) and Lease Revenue Bonds with the periodic lease payments pledged as security for repayment of the COPs and Bonds. Although these financings are categorized as leases in the County’s financial statements, the ultimate obligor for the outstanding debt securities is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations is $244.9 million as of January 1, 2016.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2015

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS AND OUTSTANDING PRINCIPAL BY FUNDING SOURCE

ENTIRE CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF JANUARY 1, 2016

SUMMARY OF OUTSTANDING GENERAL COUNTY OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2015

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2015-16	$ 72,315,251	$ 72,107,436	$ 25,635,249	$ 2,775,617	$ 172,833,552
2016-17	61,264,107	60,406,931	21,865,780	2,773,553	146,310,370
2017-18	56,151,811	52,205,857	16,975,475	2,771,892	128,105,035
2018-19	54,348,579	50,467,524	16,976,475	2,772,901	124,565,479
2019-20	55,256,836	50,471,921	16,965,725	2,772,114	125,466,595
2020-21	55,266,453	50,429,239	16,957,350	2,770,155	125,423,196
2021-22	56,251,172	50,423,184	16,954,300	2,772,727	126,401,383
2022-23	53,263,521	50,420,052	16,951,625	2,770,179	123,405,377
2023-24	30,534,101	50,410,165	16,943,875	2,771,524	100,659,665
2024-25	30,525,496	50,403,888	16,933,500	2,772,880	100,635,764
2025-26	30,521,622	50,395,048	16,929,000	2,772,804	100,618,474
2026-27	30,513,982	50,391,691	16,918,875	2,772,537	100,597,085
2027-28	30,428,517	50,383,353	16,906,750	2,771,073	100,489,692
2028-29	30,122,362	50,371,753	16,905,750	2,773,632	100,173,497
2029-30	29,905,736	50,364,260	16,893,613	2,770,541	99,934,149
2030-31	29,895,916	50,345,701	9,432,600	2,770,790	92,445,007
2031-32	29,890,532	50,341,280	9,431,488	2,771,350	92,434,650
2032-33	29,884,456	50,331,926	6,918,000	2,770,272	89,904,654
2033-34	29,873,635	50,315,721	6,918,750	2,772,755	89,880,860
2034-35	29,866,297	50,309,705	-	2,774,794	82,950,796
2035-36	29,859,296	50,294,766	-	2,769,980	82,924,043
2036-37	29,852,038	50,283,745	-	2,774,430	82,910,213
2037-38	29,841,344	50,278,866	-	2,772,883	82,893,094
2038-39	29,832,619	50,259,691	-	2,773,883	82,866,194
2039-40	29,824,294	50,246,289	-	2,773,659	82,844,243
2040-41	29,817,185	50,237,761	-	2,772,601	82,827,547
2041-42	9,194,250	19,945,100	-	2,774,050	31,913,400
2042-43	9,198,250	19,948,218	-	2,774,482	31,920,950
2043-44	9,196,875	-	-	808,250	10,005,125
2044-45	9,194,250	-	-	809,750	10,004,000
Total	$ 1,041,890,782	$ 1,382,791,070	$ 300,414,180	$ 79,248,058	$ 2,804,344,089

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2015

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2015-16	$ 584,562,610	$ 822,959,297	$ 183,573,679	$ 42,739,931	$ 1,633,835,517
2016-17	551,399,430	775,945,856	180,113,100	42,212,308	1,549,670,693
2017-18	526,141,095	741,266,802	178,385,000	41,463,167	1,487,256,064
2018-19	507,664,063	723,352,176	170,020,000	40,686,165	1,441,722,404
2019-20	491,151,443	706,347,922	161,225,000	39,872,265	1,398,596,630
2020-21	473,991,942	688,476,303	151,990,000	39,017,435	1,353,475,679
2021-22	448,814,023	669,817,455	142,290,000	38,120,777	1,299,042,255
2022-23	413,303,559	650,368,047	132,110,000	37,175,498	1,232,957,104
2023-24	379,087,302	630,069,623	121,425,000	36,184,357	1,166,766,281
2024-25	366,254,815	608,863,906	110,200,000	35,141,008	1,120,459,729
2025-26	352,841,357	586,643,269	98,410,000	34,042,763	1,071,937,389
2026-27	338,786,235	563,319,690	86,020,000	32,888,277	1,021,014,202
2027-28	324,060,089	538,830,160	73,005,000	31,674,859	967,570,108
2028-29	308,702,909	513,114,829	59,335,000	30,400,717	911,553,455
2029-30	292,901,152	486,115,239	44,965,000	29,058,609	853,040,000
2030-31	276,531,720	457,762,435	29,895,000	27,650,845	791,840,000
2031-32	259,349,828	427,999,539	21,735,000	26,170,633	735,255,000
2032-33	241,310,098	396,740,964	13,170,000	24,613,939	675,835,000
2033-34	222,370,124	363,916,356	6,750,000	22,978,519	616,015,000
2034-35	202,489,529	329,453,785	-	21,256,686	553,200,000
2035-36	181,610,780	293,295,333	-	19,448,887	494,355,000
2036-37	159,676,347	255,401,290	-	17,562,363	432,640,000
2037-38	136,632,750	215,683,273	-	15,583,977	367,900,000
2038-39	112,486,190	174,133,219	-	13,515,591	300,135,000
2039-40	87,251,097	130,747,077	-	11,346,826	229,345,000
2040-41	60,888,169	85,416,324	-	9,070,508	155,375,000
2041-42	33,345,000	38,047,845	-	6,682,155	78,075,000
2042-43	25,625,000	19,481,371	-	4,173,629	49,280,000
2043-44	17,505,000	-	-	1,540,000	19,045,000
2044-45	8,970,000	-	-	790,000	9,760,000

Source: Los Angeles County Chief Executive Office

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2015

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 15,230,000	$ 15,230,000			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 1,055,087			$ 1,055,087	
Sheriffs Training Academy	871,000	$ 871,000			
San Fernando Court	1,458,863			1,458,863	
Total 2002 Lease Rev Bonds Ser B	$ 3,384,950	$ 871,000	$ 0	$ 2,513,950	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 751,316	$ 751,316			
Burbank Courthouse	737,573			$ 737,573	
Martin Luther King Medical Center - Trauma Center	6,059,461		$ 6,059,461		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	4,283,418		4,283,418		
Rancho Los Amigos Medical Center - Parking Structure	1,598,837		1,598,837		
San Fernando Valley Juvenile Hall	947,231	947,231			
LAC/USC Medical Center Marengo Street Parking Garage	2,529,417		2,529,417		
LAX Area Courthouse	6,740,982			6,740,982	
San Fernando Valley Courthouse (Chatsworth)	5,351,563			5,351,563	
Total 2005 Lease Rev Refg Bonds Ser A	$ 28,999,798	$ 1,698,547	$ 14,471,134	$ 12,830,117	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 3,486,084	$ 3,486,084			
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 844,588			$ 844,588	
Lynwood Regional Justice Center	3,136,500	$ 3,136,500			
Men's Central Jail - Twin Towers	3,009,000	3,009,000			
Van Nuys Courthouse	2,529,600			2,529,600	
Total 2006 Lease Rev Refg Bonds Ser A	$ 9,519,688	$ 6,145,500	$ 0	$ 3,374,188	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 6,916,994			$ 6,916,994	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 732,678	$ 732,678			
Patriotic Hall Renovation	1,183,143	1,183,143			
Olive View Medical Center ER/TB Unit	1,363,290		$ 1,363,290		
Olive View Medical Center Seismic	561,622		561,622		
Harbor/UCLA Surgery/ Emergency	8,543,011		8,543,011		
Harbor/UCLA Seismic Retrofit	1,317,369		1,317,369		
Hall of Justice Rehabilitation	6,107,999	6,107,999			
Total 2010 Multiple Capital Projects I, Series A	$ 19,809,112	$ 8,023,820	$ 11,785,292	$ 0	$ 0
2010 Multiple Capital Projects I, Federally Taxable Series B:					
Coroners Expansion/ Refurbishment	$ 1,166,023	$ 1,166,023			
Patriotic Hall Renovation	1,882,916	1,882,916			
Olive View Medical Center ER/TB Unit	2,169,611		$ 2,169,611		
Olive View Medical Center Seismic	893,795		893,795		
Harbor/UCLA Surgery/ Emergency	13,595,795		13,595,795		
Harbor/UCLA Seismic Retrofit	2,096,529		2,096,529		
Hall of Justice Rehabilitation	9,720,589	9,720,589			
Total 2010 Multiple Capital Projects I, Series B	$ 31,525,258	$ 12,769,528	$ 18,755,731	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 1,588,737	$ 1,588,737			
2012 Refg COPs: Disney Parking Project	$ 2,533,750	$ 2,533,750			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 8,840,156		$ 8,840,156		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	10,761,354		10,761,354		
Martin Luther King Jr. Data Center	341,769		341,769		
Fire Station 128	296,909				$ 296,909
Fire Station 132	480,219				480,219
Fire Station 150	744,855				744,855
Fire Station 156	442,137				442,137
Total 2012 Multiple Capital Projects II, Series 2012	$ 21,907,400	$ 0	$ 19,943,279	$ 0	$ 1,964,121
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 9,240,285	$ 9,240,285			
Manhattan Beach Library	811,496				$ 811,496
Total 2015 Multiple Capital Projects, Series A	$ 10,051,781	$ 9,240,285	$ 0	$ 0	$ 811,496
Total Long-Term Obligations	$ 154,953,553	$ 61,587,251	$ 64,955,436	$ 25,635,249	$ 2,775,617
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 8,468,625	$ 5,081,175	$ 3,387,450		
2014 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 9,411,375	$ 5,646,825	$ 3,764,550		
Total Intermediate-Term Obligations	$ 17,880,000	$ 10,728,000	$ 7,152,000	$ 0	$ 0
Total Obligations	$ 172,833,553	$ 72,315,251	$ 72,107,436	$ 25,635,249	$ 2,775,617

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL BY FUNDING SOURCE
AS OF JULY 1, 2015

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 17,095,289	$ 17,095,289			
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	$ 1,988,643			$ 1,988,643	
Sheriffs Training Academy	1,641,671	$ 1,641,671			
San Fernando Court	2,749,686			2,749,686	
Total 2002 Lease Rev Bonds Ser B	$ 6,380,000	$ 1,641,671	$ 0	$ 4,738,329	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 1,995,523	$ 1,995,523			
Burbank Courthouse	1,963,485			$ 1,963,485	
Martin Luther King Medical Center - Trauma Center	18,191,147		$ 18,191,147		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	11,366,685		11,366,685		
Rancho Los Amigos Medical Center - Parking Structure	4,242,763		4,242,763		
San Fernando Valley Juvenile Hall	2,849,160	2,849,160			
LAC/USC Medical Center Marengo Street Parking Garage	6,719,371		6,719,371		
LAX Area Courthouse	48,791,371			48,791,371	
San Fernando Valley Courthouse (Chatsworth)	38,640,494			38,640,494	
Total 2005 Lease Rev Refg Bonds Ser A	$ 134,760,000	$ 4,844,684	$ 40,519,967	$ 89,395,350	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 21,550,000	$ 21,550,000			
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 1,860,000			$ 1,860,000	
Lynwood Regional Justice Center	3,075,000	$ 3,075,000			
Men's Central Jail - Twin Towers	2,950,000	2,950,000			
Van Nuys Courthouse	2,480,000			2,480,000	
Total 2006 Lease Rev Refg Bonds Ser A	$ 10,365,000	$ 6,025,000	$ 0	$ 4,340,000	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 85,100,000			$ 85,100,000	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 3,243,569	$ 3,243,569			
Patriotic Hall Renovation	5,237,779	5,237,779			
Olive View Medical Center ER/TB Unit	6,035,289		$ 6,035,289		
Olive View Medical Center Seismic	2,486,302		2,486,302		
Harbor/UCLA Surgery/ Emergency	37,819,937		37,819,937		
Harbor/UCLA Seismic Retrofit	5,831,995		5,831,995		
Hall of Justice Rehabilitation	27,040,128	27,040,128			
Total 2010 Multiple Capital Projects I, Series A	$ 87,695,000	$ 35,521,476	$ 52,173,524	$ 0	$ 0
2010 Multiple Capital Projects I, Series B:					
Coroners Expansion/ Refurbishment	$ 25,447,194	$ 25,447,194			
Patriotic Hall Renovation	41,092,631	41,092,631			
Olive View Medical Center ER/TB Unit	47,349,441		$ 47,349,441		
Olive View Medical Center Seismic	19,506,113		19,506,113		
Harbor/UCLA Surgery/ Emergency	296,713,674		296,713,674		
Harbor/UCLA Seismic Retrofit	45,754,510		45,754,510		
Hall of Justice Rehabilitation	212,141,438	212,141,438			
Total 2010 Multiple Capital Projects I, Series B	$ 688,005,000	$ 278,681,262	$ 409,323,738	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 8,825,228	$ 8,825,228			
2012 Refg COPs: Disney Parking Project	$ 50,675,000	$ 50,675,000			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 136,689,639		$ 136,689,639		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	166,395,883		166,395,883		
Martin Luther King Jr. Data Center	5,284,548		5,284,548		
Fire Station 128	4,590,920				$ 4,590,920
Fire Station 132	7,425,313				7,425,313
Fire Station 150	11,517,220				11,517,220
Fire Station 156	6,836,478				6,836,478
Total 2012 Multiple Capital Projects II, Series 2012	$ 338,740,000	$ 0	$ 308,370,069	$ 0	$ 30,369,931
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 140,845,000	$ 140,845,000			
Manhattan Beach Library	12,370,000				$ 12,370,000
Total 2015 Multiple Capital Projects, Series A	$ 153,215,000	$ 140,845,000	$ 0	$ 0	$ 12,370,000
Total Long-Term Obligations	$ 1,602,405,517	$ 565,704,610	$ 810,387,297	$ 183,573,679	$ 42,739,931
Intermediate-Term Obligations					
Equipment					
2011 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 10,970,000	$ 6,582,000	$ 4,388,000		
2014 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 20,460,000	$ 12,276,000	$ 8,184,000		
Total Intermediate-Term Obligations	$ 31,430,000	$ 18,858,000	$ 12,572,000	$ 0	$ 0
Total Obligations	$ 1,633,835,517	$ 584,562,610	$ 822,959,297	$ 183,573,679	$ 42,739,931

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF JANUARY 1, 2016

Title	Outstanding Principal	Total Future Payments		2015-16 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
1993 COPs: Disney Parking Project	$ 15,429,127	$ 85,880,000		$ 7,615,000
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	3,285,000	3,482,100		98,550
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	1,070,000	1,108,788		19,394
2006 Lease Rev Refg Bonds Series B - 2006 Master Refunding Project (2)	0	0		2,022,941
2010 Lease Rev Bonds, Series A - 2010 Multiple Capital Projects I	71,780,000	80,860,038		1,771,444
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,214,787,564	(1)	15,762,629
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	8,074,581	8,570,230	(1)	793,126
2012 Refg COPs: Disney Parking Project	50,675,000	67,164,875		1,266,875
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	332,855,000	599,597,250		7,952,350
2015 Multiple Capital Projects, Series A	153,215,000	293,902,850		3,793,125
2015 Lease Revenue Refunding Bonds Series B	115,360,000	179,719,250		2,884,000
2015 Lease Revenue Refunding Bonds Series C (Taxable) (2)	77,530,000	88,941,900		1,006,041
Total Long-Term Obligations	$ 1,517,278,708	$ 2,624,014,844		$ 44,985,474
Intermediate-Term Obligations				
Equipment				
2011 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 6,775,000	$ 7,018,000		$ 3,999,375
2014 Lease Rev Bonds Series A - LAC-CAL Equipment Program	15,965,000	16,574,375		4,609,475
Total Intermediate-Term Obligations	$ 22,740,000	$ 23,592,375		$ 8,608,850
Total Obligations	$ 1,540,018,708	$ 2,647,607,219		$ 53,594,324

COPs = Certificates of Participation

(1) Total Future Payments reflects the County's net future payment obligation after receipt of a Federal interest subsidy authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.

(2) The 2015 Lease Revenue Refunding Bonds Series C has advance refunded the 2006 Lease Revenue Bonds Series B with a Call Date of September 1, 2016

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF JANUARY 1, 2016
2015-16 Assessed Valuation: $1,290,133,105,428: (includes unitary valuation)

	Applicable %	Debt as of 5/1/15	
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Los Angeles County Flood Control District	100.000 %	$ 15,105,000	
Metropolitan Water District	48.368	53,407,913	
Los Angeles Community College District	100.000	3,671,000,000	
Other Community College Districts	Various (1)	2,590,808,698	
Arcadia Unified School District	100.000	187,723,308	
Beverly Hills Unified School District	100.000	265,187,392	
Glendale Unified School District	100.000	210,564,986	
Long Beach Unified School District	100.000	751,995,702	
Los Angeles Unified School District	100.000	9,892,425,000	
Pasadena Unified School District	100.000	313,510,000	
Pomona Unified School District	100.000	222,486,813	
Redondo Beach Unified School District	100.000	213,758,358	
Santa Monica-Malibu Unified School District	100.000	339,223,144	
Torrance Unified School District	100.000	359,613,171	
Other Unified School Districts	Various (1)	3,139,006,310	
High School and School Districts	Various (1)	1,737,493,220	
City of Los Angeles	100.000	790,385,000	
City of Industry	100.000	104,940,000	
Other Cities	100.000	58,390,000	
Palmdale Water District Water Revenue Bonds	100.000	52,790,091	(2)
Palos Verdes Library District	100.000	1,245,000	
Community Facilities Districts	100.000	688,132,768	
Los Angeles County Regional Park & Open Space Assessment District	100.000	50,610,000	
1915 Act and Benefit Assessment Bonds - Estimate	100.000	91,234,700	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 25,801,036,574	
Less: Palmdale Water District Water Revenue Bonds supported by net operating revenues		(33,785,658)	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		25,767,250,916	
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			
Los Angeles County General Fund Obligations	**100.000 %**	**$ 1,784,943,709**	
Los Angeles County Office of Education Certificates of Participation	100.000	7,944,360	
Community College District Certificates of Participation	Various (3)	54,821,829	
Baldwin Park Unified School District Certificates of Participation	100.000	28,770,000	
Compton Unified School District Certificates of Participation	100.000	20,850,000	
Los Angeles Unified School District Certificates of Participation	100.000	273,805,000	
Paramount Unified School District Certificates of Participation	100.000	28,900,000	
Other Unified School District Certificates of Participation	Various (3)	155,116,921	
High School and Elementary School District General Fund Obligations	Various (3)	125,894,033	
City of Beverly Hills General Fund Obligations	100.000	162,875,000	
City of Los Angeles General Fund and Judgment Obligations	100.000	1,594,754,584	
City of Long Beach General Fund Obligations	100.000	169,770,000	
City of Long Beach Pension Obligations	100.000	35,915,000	
City of Pasadena General Fund Obligations	100.000	463,437,918	
City of Pasadena Pension Obligations	100.000	119,460,000	
Other Cities' General Fund Obligations	100.000	1,185,321,898	
Los Angeles County Sanitation Districts Financing Authority	100.000	157,821,308	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,370,401,560	
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(13,526,614)	
Cities' self-supporting bonds		(525,258,203)	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 5,831,616,743	
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		$ 4,268,850,857	
TOTAL DIRECT DEBT		$ 1,784,943,709	
TOTAL GROSS OVERLAPPING DEBT		$ 34,655,345,282	
TOTAL NET OVERLAPPING DEBT		$ 34,082,774,807	
GROSS COMBINED TOTAL DEBT		$ 36,440,288,991	(4)
NET COMBINED TOTAL DEBT		$ 35,867,718,516	

(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
(2) Palmdale Water District Water Revenue Bonds are partially supported by the 1% ad valorem property tax levy
(3) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
(4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

RATIOS TO 2015-16 ASSESSED VALUATION	
Total Gross Overlapping Tax and Assessment Debt	2.00 %
Total Net Overlapping Tax and Assessment Debt	2.00 %
Total Direct Debt ($1,784,943,709)	0.14 %
Gross Combined Total Debt	2.82 %
Net Combined Total Debt	2.78 %
Ratios to Redevelopment Sucessor Agency Incremental Valuation ($172,121,575,526):	
Total Overlapping Tax Increment Debt	2.48 %

Source: California Municipal Statistics. The above report is included for general information purposes only. The County has not reviewed the debt report for completeness or accuracy and makes no representations in connection therewith.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Overview

With a 2014 Gross Product of $640.7 billion, Los Angeles County's economy is larger than that of 44 states and all but 20 countries. The County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy experienced strong growth in 2014 with an increase in economic output of 9.9%, as measured by Gross Product, and an increase in total taxable sales of 5.9%. The strong economic recovery is expected to continue in 2015, with several sectors of the local economy experiencing growth.

The County's unemployment rate averaged 8.2% in 2014, which represents an improvement from its 2013 unemployment rate of 9.9%. In 2015 and 2016, the job market is expected to show continued improvement, with a projected decline in the average unemployment rate to 7.2% and 6.6%, respectively. The significant job losses which occurred during the recession of 2008 and 2009 were partially offset by the positive impact of major public and private construction projects. With over $16 billion in voter-approved general obligation bond measures, historically low interest rates and cost-effective financing programs and incentives provided by the Federal government, local governments and school and community college districts have undertaken major capital construction projects.

The increase in sales tax revenue ensuing from the 2008 voter-approved Measure R provides funding for major highway and transit projects that are currently underway throughout the County. In addition, hospitals throughout the County are engaged in building programs to meet stricter earthquake standards and other regulatory requirements. These major construction projects, combined with the terminal expansions under way at the two primary sea ports (Los Angeles and Long Beach), the expansion of the Los Angeles International Airport ("LAX"), and the expansion of the Metro Light Rail System have provided continued support to an improving job market in the County.

In terms of its industrial base, diversity continues to be the County's greatest strength, with wholesale and retail trade, health care, manufacturing, and leisure and hospitality being the leading employment sectors in the private economy. The Los Angeles Customs District ("LACD"), which includes LAX, Port Hueneme, Port of Los Angeles, and the Port of Long Beach, is the largest customs district in the nation. The Los Angeles region is the largest manufacturing center in the nation, with over 354,400 workers employed in this sector in 2014. The two major seaports (Port of Los Angeles and Port of Long Beach) encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and is ranked as the ninth largest among the world's port facilities. The County's vibrant technology sector known as Silicon Beach has become a large and growing source of highly compensated jobs in the local economy. According to the Los Angeles Economic Development Corporation ("LAEDC"), the County's technology sector employed 205,000 in 2014.

Quality of Life

Higher Education

The County is home to an extensive education system, with 120 colleges and university campuses, including UCLA; five state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental College and Claremont College; religious-affiliated universities such as Pepperdine and Azusa Pacific; renowned technology schools such as the California Institute of Technology and the affiliated Jet Propulsion Laboratory; and specialized institutions such as the California Institute of the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art and Design.

Culture

The County is the cultural center of the western United States and has been referred to as the "entertainment capital of the world", offering world-class museums, theaters, and music venues. The County is home to the world's leading movie studios, television networks, recording studios, video game developers, publishers and artists, creating one of the largest centers for art and entertainment activity in the nation.

The Performing Arts Center of Los Angeles County, which includes the Dorothy Chandler Pavilion, Ahmanson Theater, Mark Taper Forum and Walt Disney Concert Hall, is one of the three largest performing art venues in the nation. The County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world.

The County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as providing a historical overview of the area's ethnic heritage and experience. Major institutions include the Los Angeles County Museum of Art, the Los Angeles County Museum of Natural History, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, the Huntington Library and the new Broad Museum of Contemporary Art, which opened in October 2015. The Broad Museum is located adjacent to the iconic Walt Disney Concert Hall, and will further strengthen and help establish downtown Los Angeles as a premiere cultural destination on the west coast.

Recreation

With its geographic size, location, topography, mild climate, and an average of 329 days of sunshine per year, Los Angeles County offers a full spectrum of recreational activities that are enjoyed by residents and visitors on a year-round basis. The County owns and maintains the world's largest man-made recreational harbor at Marina del Rey, and manages 63,000 acres of parks, trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit the County's 31 miles of public beaches stretching along its 75-mile coastline, with bike enthusiasts able to enjoy the County's 22-mile beach bikeway.

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, sporting venues, motion picture and television studios, parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade & Rose Bowl game, Long Beach Grand Prix, Grammy Awards, and the Academy Awards. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, X Games, BCS College Football National Championship, and the Super Bowl.

Population

The County is the most populous county in the U.S. with over 10 million people estimated to be residing within its borders. The County's population makes it equivalent to the eighth largest state in the nation and accounts for approximately 26.2% of the total population of California. The U.S. Census Bureau's demographic profile of the County indicates that 48.3% of the population is Hispanic and 51.7% non-Hispanic. 27.2% of the County's population are White, 15% are Asian-Pacific Islander, and 9.2% are African American. The County is also home to the highest number of foreign–born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 98 consulates, the County has a larger consular corps than any other U.S. city outside of Washington D.C. with more than 220 languages and cultures represented across the County. It is estimated that 76.6% of the adult population has a high school diploma or higher, and 29.7% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

After the recent economic downturn, which started in late 2007 and had a significant adverse impact on the local economy, the County has continued to experience a steady recovery in the job market since 2010. The average unemployment rate increased from 5.1% in 2007 to 12.6% in 2010, but gradually decreased over the last four years to 8.2% in 2014. In comparison, the average unemployment rates for the State of California and the nation in 2014 were 7.5% and 6.2%, respectively. The employment situation in the County showed further signs of improvement in 2014, with estimated total net job growth of 78,700 among the various sectors of the local economy. In 2015, total non-farm employment is projected to grow by 1.9% or (79,600 jobs), resulting in a lower unemployment rate of 7.3%. Table F details the non-agricultural employment statistics by sector for the County from 2010 through 2014.

Personal Income

Total personal income grew in the County by an estimated 4.7% in 2014. The 2014 total personal income of $487.9 billion represents an estimated 25.1% of the total personal income generated in California. The LAEDC is projecting continued robust growth in personal income of 4.6% for 2015 and 5.0% for 2016. Table C provides a summary of the personal income statistics for the County from 2010 through 2014.

Consumer Spending

As the most populous county in the nation with a vibrant and diverse economy, Los Angeles County is recognized as a national leader in consumer spending. As forecasted by LAEDC, the County experienced a 5.9% increase in total taxable sales in 2014, with continued growth of 5.2% and 5.6% projected for 2015 and 2016, respectively. The $151.2 billion of total taxable sales in the County in 2014 represents over 24% of the total taxable sales in California which underscores the significant importance of the County to the economic health of California. Table D provides a summary of total taxable sales activity in the County from 2010 through 2014.

Industry

With an estimated annual economic output of $640.7 billion in 2014, the County continues to rank among the world's largest economies. The County's 2014 Gross Product represents approximately 27.7% of the total economic output in California and 3.7% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance and it is recognized as a world leader in technology, electronics, energy, communications, and entertainment. The top industries in the manufacturing sector include computer and electronics, apparel, transportation equipment, fabricated metal products, and food. Table A provides the Gross Product statistics for the County from 2010 through 2014.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, the County has become the leading center of international trade in the United States. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. The value of two-way trade in the LACD experienced steady growth over the previous decade, resulting in a record level of $357.1 billion in 2008. After suffering a substantial decrease in 2009, the value of two-way trade in the LACD has experienced strong growth over the last several years. From 2009 to 2013, the value of two-way trade at LACD increased by 47% which surpassed the record level attained in 2008. LACD experienced moderate growth in 2014, handling approximately $418 billion worth of international trade, which represents a 1% increase from 2013. The decline in the rate of growth was partially the result of a labor strike that slowed loading activities at both ports during the fourth quarter of 2014. As a result of the resolution of the labor strike during the first quarter of 2015, the LACD is expected to experience moderate growth in 2015 with stronger growth returning in 2016. Based on the latest LAEDC projections, international trade is expected to grow by 1.0% in 2015 to approximately $422 billion, and by 3.0% in 2016 to nearly $435 billion. The LACD maintained its ranking as the top customs district in the nation for international trade in 2014, with China, Japan, South Korea, Taiwan and Germany being the top trading partners.

Transportation/Infrastructure

The County is one of the world's largest transportation centers. The region's ports, airports, integrated rail and highway facilities are part of an extensive transportation infrastructure that provides valuable service to residents, visitors, and industry.

Airports and Harbors

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the fifth busiest airport in the world and second in the United States for passenger traffic. In 2014, LAX served 70.7 million passengers, representing a 6.0% increase from the previous year. The 2 million tons of air cargo handled at LAX in 2014, and the corresponding value of $91.6 billion, represents an increase of 3.9% from 2013 levels. A $4.1 billion capital improvement project is currently underway at LAX, which is expected to generate approximately 40,000 local jobs. The Bob Hope Airport is currently in the planning stage to replace its passenger concourse with a new state of the art facility.

Construction is scheduled to begin on the new concourse in late 2016.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been one of the fastest growing port facility in the United States, and is the busiest port complex in the U.S. and western hemisphere, and the ninth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue. In 2014, the port complex experienced a 3.8% increase in the volume of cargo from 2013, and is projecting moderate growth in 2015 with stronger growth returning in 2016 as the ports recover from a labor strike in late 2014.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2014, it was ranked as the busiest container port in the United States for the fourteenth consecutive year, and the nineteenth busiest in the world, as measured by annual container volume. The Port of Los Angeles covers over 7,500 acres and includes 43 miles of waterfront. The Port has 27 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2014, the Port handled over 8.3 million TEUs, which represents a 6% decrease in container volume from 2013.

The Port of Long Beach is also among the world's busiest container ports, and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the twenty-first busiest in the world in 2013. The Port of Long Beach covers over 3,000 acres with 10 separate piers, 80 berths, 66 cranes and 22 shipping terminals. In 2014, the port handled over 6.8 million TEUs of container cargo, which represents an increase of 1.3% from 2013.

Port Expansion

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that will facilitate further growth and expansion of trade activity. The expansion of port facilities will continue to have a positive economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. With over 473 million in annual boardings, the Metro System is the third largest public transportation system in the U.S. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority ("MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for the County. The Fiscal Year 2014-15 operating budget for the MTA is $5.4 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants.

Visitor and Convention Business

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. In 2014, the Los Angeles region hosted a record high 29.5 million overnight visitors, representing a 3.4% increase from 2013. The newly built hotels in downtown Los Angeles, Beverly Hills and Hollywood are attracting business as well as leisure travelers to the County. According to the Los Angeles Convention and Visitors Bureau, the Los Angeles region was the third ranked destination for overseas visitors in 2014, with tourists and business travelers spending in excess of $18 billion. For the third year in a row the Los Angeles region was the number one ranked destination for overseas visitors from China growing by over 20% from 2013.

Real Estate and Construction

After enduring the adverse effects of the economic downturn starting in late 2007, the County's residential housing market has experienced a steady recovery since 2012. The average median price for new and existing homes, decreased by nearly 46% from a peak of $532,281 in 2007 to a cyclical low of $290,015 in January 2012. However, the real estate market stabilized in 2012 and began to show signs of strong growth as the average median home price increased by 44% from the first quarter of 2012 to the fourth quarter of 2013 ($301,239 to $433,131).

In 2014, the real estate market experienced moderate growth, as the average median home price increased by 7% to $463,772 in the fourth quarter of 2014. After a record high of 105,433 in 2009, notices of default recorded decreased by 83% to 17,883 in 2014 equaling a rate of approximately 1,490 notices per month, which represents a slight improvement over 2013 when the rate averaged 1,748 notices per month. Foreclosures, as measured by the number of trustees deeds recorded, decreased by over 87% from a cyclical high of 39,774 in 2008 to 5,124 in 2014. The number of trustees deeds recorded in 2014 represents a 29% decrease from the 7,248 recorded in 2013. The positive foreclosure trend continued in 2014, as the number of trustees deeds recorded was only 1,195 in the fourth quarter as compared to 1,334 in the first quarter of 2014.

Despite the severe downturn in the housing market from 2007 to 2011, the County has maintained relatively stable assessed valuations. The stability of the property tax base is primarily due to the significant amount "stored value" in the secured property tax roll as a result of Proposition 13. For Fiscal Year 2015-16, the County Assessor reported a Net Local Roll of $1.265 trillion, which represents a 6.13% increase from the Net Local Roll of $1.192.13 trillion in Fiscal Year 2014-15. The Net Local Roll in Fiscal Year 2015-16 represents a 21.4% increase from Fiscal Year 2010-11, and the fifth consecutive year of accelerated growth in assessed valuation after the most recent economic downturn.

The commercial real estate sector continued to experience modest improvement in 2014. Construction lending experienced a significant increase of 37% from $6.379 billion in 2013 to $8.750 billion in 2014. Office market vacancy rates improved from 2013 to 2014, with the average vacancy rate decreasing to 15.1% from 16.9%, which is still significantly higher than the 9.7% rate in 2007, prior to the severe economic downturn. Industrial market vacancy rates experienced modest improvement in 2014, decreasing from 1.9% in 2013 to 1.6% in 2014, which is slightly higher than the 1.5% vacancy rate in 2007 prior to the economic downtown. Construction continued on the new Wilshire Grand Center in Downtown Los Angeles, which will become the tallest building in the western United States when completed in 2017. The 73-story, 1,100-foot tall structure, which will include an InterContinental hotel, office space and condominiums, represents a $1 billion private investment in Downtown Los Angeles. The University of Southern California recently broke ground on a new mixed-use complex adjacent to its main campus, which is located just south of Downtown Los Angeles. The complex, which will include six residence halls for 2,700 students, a grocery store, a fitness center, a drugstore and 115,000 square feet of additional retail space is expected to cost the university approximately $1.1 billion to construct. The new complex is expected to be completed in 2018 and is projected to generate 12,000 new jobs during construction.

In January 2016, National Football League (the "NFL") team owners voted to allow the St. Louis Rams (the "Rams") to move to the City of Inglewood in Los Angeles County for the 2016 NFL season and gave the San Diego Chargers a one-year option to join the Rams at a new stadium complex in Inglewood. If the San Diego Chargers decline the NFL's offer to move to Inglewood, the Oakland Raiders will receive a one-year option to join the Rams in Inglewood for the 2017 NFL season. In 2016, the Rams will begin construction of a new 70,000 seat glass-roofed stadium on a 298 acre site in Inglewood as part of a larger multibillion-dollar entertainment, retail and housing complex located on the former site of Hollywood Park. The new complex including the stadium will be completely privately financed. The Rams' new stadium is projected to open for the 2019 NFL season at a cost expected to exceed $2 billion. The Rams will play their home games in the Los Angeles Coliseum until their new stadium is completed.

The County's residential housing market continued to experience moderate improvement through the third quarter of 2015, as the average median home price increased by 5.4% from the third quarter of 2014 to the third quarter of 2015 ($471,331 to $496,945). Notices of default recorded increased slightly by 1.5% in the third quarter of 2014 to the third quarter of 2015 (4,456 to 4,526). Foreclosures, as measured by the number of trustees deeds recorded, decreased by 19.6% from the third quarter of 2014 to the third quarter of 2015 (1,283 to 1,031). The County's residential real estate market is expected to show modest improvement for the remainder of 2015.

The commercial real estate sector continued to experience modest improvement through the third quarter of 2015. Office market vacancy rates decreased to 15% in the third quarter of 2015 from 15.6% in the third quarter of 2014. Industrial market vacancy rates have experienced solid improvement in 2015, decreasing from 1.8% in third quarter of 2014 to 1.1% in third quarter of 2015. Construction lending experienced a slight increase of 3.3% from $1.815 billion in the third quarter of 2014 to $1.876 billion in the third quarter of 2015. The County's commercial real estate sector is expected to show moderate improvement for the remainder of 2015.

TABLE A: GROSS PRODUCT OF LOS ANGELES COUNTY (in millions of $)

	2010	2011	2012	2013	2014
Los Angeles County	$543,740	$557,500	$577,500	$583,100	$640,700
State of California	1,901,072	1,958,900	2,045,700	2,202,700	2,311,600
United States	14,526,500	15,094,000	15,653,370	16,768,100	17,420,700
Los Angeles County as a % of California	28.60%	28.46%	28.23%	26.47%	27.72%

Source: Los Angeles Economic Development Corporation - 2015 2016 Economic Forecast and Industry Outlook February 2015

TABLE B: POPULATION LEVELS

	2010	2011	2012	2013	2014
Los Angeles County	9,825,200	9,862,400	9,946,900	10,013,300	10,069,000
State of California	37,309,400	37,570,100	37,867,500	38,164,000	38,499,400
Los Angeles County as a % of California	26.33%	26.25%	26.27%	26.24%	26.15%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

TABLE C: TOTAL PERSONAL INCOME: HISTORICAL SUMMARY BY COUNTY (in millions of $)

	2010	2011	2012	2013	2014
Los Angeles County	$404,500	$425,700	$455,800	$466,100	$487,900
Orange County	147,400	155,300	166,600	169,800	177,700
Riverside and San Bernardino Counties	126,500	134,200	140,300	144,700	151,900
Ventura County	37,100	39,400	41,700	42,400	44,300
State of California	1,578,600	1,685,600	1,805,200	1,856,600	1,943,100
Los Angeles County as a % of California	25.62%	25.26%	25.25%	25.11%	25.11%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

TABLE D: TOTAL TAXABLE SALES IN LOS ANGELES COUNTY (in millions of $)

	2010	2011	2012	2013	2014
Los Angeles County	$116,900	$126,400	$135,300	$142,800	$151,200
State of California	477,300	520,600	558,400	590,800	624,400
Los Angeles County as a % of California	24.49%	24.28%	24.23%	24.17%	24.22%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

TABLE E: UNEMPLOYMENT RATES

	2010	2011	2012	2013	2014
Los Angeles County	12.6%	12.3%	10.9%	9.9%	8.2%
State of California	12.4%	11.8%	10.4%	8.9%	7.5%
United States	9.6%	8.9%	8.1%	7.4%	6.2%

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2010	2011	2012	2013	2014
Wholesale & Retail Trade	589.4	598.1	612.2	623.7	632.6
Health Care & Social Assistance	526.1	528.8	558.4	594.2	617.0
Government	579.6	565.5	556.8	549.2	547.4
Leisure & Hospitality	384.8	394.6	415.3	436.7	446.4
Manufacturing	373.2	366.8	367.2	366.5	354.4
Professional, Scientific & Technical Services	245.6	255.3	268.2	276.3	285.5
Administrative & Support Services	228.7	232.4	245.1	256.3	270.6
Information	191.5	191.9	191.4	197.3	205.0
Transportation & Utilities	150.5	151.8	154.4	156.9	160.1
Finance & Insurance	137.8	136.8	138.6	137.1	135.5
Educational Services	111.1	114.2	115.7	119.2	122.6
Construction	104.5	105.0	109.1	116.5	124.7
Real Estate	71.7	71.6	72.1	74.7	76.4
Management of Enterprises	53.2	55.3	56.7	57.7	60.4
Other	140.8	140.9	145.9	150.1	152.7
Total	3,888.5	3,909.0	4,007.1	4,112.4	4,191.3

Source: Los Angeles Economic Development Corporation - 2015-2016 Economic Forecast and Industry Outlook February 2015

TABLE G: SUMMARY OF AIRPORT AND PORT ACTIVITY (in thousands)

Type of Activity	2010	2011	2012	2013	2014
International Air Cargo (Tons)					
Los Angeles International Airport	1,125.2	1,080.7	1,135.8	1,119.5	1,176.3
As Percentage of Total Air Cargo	67.63%	57.80%	57.85%	58.12%	58.78%
Total Air Cargo (Tons)					
Los Angeles International Airport	1,663.9	1,869.6	1,963.2	1,926.1	2,001.2
Long Beach Airport	26.1	25.4	24.4	24.4	25.5
Bob Hope Airport (Burbank)	44.4	43.9	47.4	52.9	56.3
Total	1,734.3	1,938.9	2,035.0	2,003.4	2,082.9
International Air Passengers					
Los Angeles International Airport	15,936.0	16,731.3	17,152.9	17,852.1	19,105.7
As Percentage of Total Passengers	26.98%	27.05%	26.93%	26.78%	27.04%
Total Air Passengers					
Los Angeles International Airport	59,070.1	61,862.5	63,688.1	66,667.6	70,662.2
Long Beach Airport	2,978.4	3,115.4	3,206.9	2,942.9	2,824.0
Bob Hope Airport (Burbank)	4,461.3	3,942.3	3,725.5	3,844.4	3,861.2
Total	66,509.8	68,920.2	70,620.5	73,454.9	77,347.4
Container Volume (TEUs)					
Port of Los Angeles	7,831.9	7,940.5	8,077.7	7,868.6	8,340.1
Port of Long Beach	6,263.5	6,061.1	6,045.7	6,730.6	6,820.8
Total	14,095.4	14,001.6	14,123.4	14,599.2	15,160.9

Source: Los Angeles World Airports, LAX - Statistics; Burbank Airport - Statistics; Long Beach Airport - Statistics; Port of Los Angeles - Statistics; Port of Long Beach - Statistics

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)

Customs District	2010	2011	2012	2013	2014
Los Angeles, CA	$347,900	$387,500	$403,900	$414,700	$418,000
New York, NY	326,800	388,400	381,900	379,200	387,100
Laredo, TX	185,700	216,300	239,100	253,200	280,000
Detroit, MI	219,200	245,100	253,200	244,900	260,400
Houston, TX	211,400	268,400	274,000	251,900	253,300
New Orleans, LA	194,400	234,500	243,600	235,000	234,600
Chicago, IL	161,400	176,600	187,500	192,500	210,500
Seattle, WA	111,100	128,600	138,800	152,700	152,500
Savannah, GA	109,100	126,500	132,400	129,500	141,900
Cleveland, OH	94,600	109,400	118,500	122,500	131,500

Source: Los Angeles Economic Development Corporation - 2015-2016 International Trade Report

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)

Port	2010	2011	2012	2013	2014
Los Angeles-Long Beach, CA	193,591	199,509	201,706	207,228	210,435
Tacoma, WA	27,507	28,428	30,975	31,820	34,970
Oakland, CA	29,475	30,285	30,305	30,901	30,543
Seattle, WA	31,337	29,856	25,549	18,118	14,405
Portland, OR	19,661	19,140	17,948	13,516	14,627
Kalama, WA	11,653	11,570	10,199	9,305	9,725
San Diego, CA	4,074	4,287	4,822	5,168	5,359
Port Hueneme	3,356	4,095	4,520	4,921	5,248
Vancouver, WA	6,110	6,198	4,915	2,001	2,855

Source: Los Angeles Economic Development Corporation - 2015-2016 International Trade Report

TABLE J: INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (in thousands)

Port	2010	2011	2012	2013	2014
Los Angeles-Long Beach, CA	14,095	14,002	14,124	14,600	15,161
New York, NY	5,292	5,503	5,530	5,467	5,772
Savannah, GA	2,825	2,945	2,966	3,034	3,346
Oakland, CA	2,330	2,343	2,344	2,347	2,394
Norfolk, VA	1,895	1,918	2,106	2,224	2,393
Tacoma, WA	977	1,022	1,265	1,445	2,040
Houston, TX	1,812	1,866	1,922	1,950	1,951
Charleston, SC	1,280	1,381	1,515	1,601	1,792
Seattle, WA	2,126	2,017	1,853	1,564	1,388

Source: Los Angeles Economic Development Corporation - 2015-2016 International Trade Report

TABLE K: REAL ESTATE AND CONSTRUCTION INDICATORS IN LOS ANGELES COUNTY

Indicator	2010	2011	2012	2013	2014
1. Construction Lending (in millions)	$ 2,128	$ 3,258	$ 4,601	$ 6,379	$ 8,750
2. Residential Purchase Lending (in millions)	$ 22,491	$ 20,469	$ 23,675	$ 27,910	$ 31,441
3. New & Existing Median Home Prices	$ 335,363	$ 316,469	$ 330,463	$ 412,795	$ 458,677
4. New & Existing Home Sales	77,313	74,216	83,686	84,229	76,348
5. Notices of Default Recorded	68,603	64,490	49,354	20,970	17,883
6. Unsold New Housing (at year-end)	1,997	1,517	845	561	552
7. Office Market Vacancy Rates	17.0%	17.0%	16.7%	16.9%	15.1%
8. Industrial Market Vacancy Rates	3.2%	2.9%	2.1%	1.9%	1.6%

Source: Real Estate Research Council of Southern California - 3rd Quarter 2015

TABLE L: BUILDING PERMITS AND VALUATIONS

	2010	2011	2012	2013	2014
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	2,439	2,370	2,756	3,599	4,286
b. Multi-Family	5,029	8,033	7,950	12,631	14,595
Total Residential Building Permits	7,468	10,403	10,706	16,230	18,881
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$ 922	$ 1,032	$ 1,128	$ 1,507	$ 1,740
b. Multi-Family	811	1,222	1,416	1,921	2,310
c. Alterations and Additions	1,110	1,122	674	1,193	1,429
Residential Building Valuations Subtotal	$ 2,843	$ 3,376	$ 3,218	$ 4,621	$ 5,479
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 133	$ 156	$ 38	$ 246	$ 269
b. Retail Buildings	263	223	115	385	829
c. Hotels and Motels	28	24	5	145	359
d. Industrial Buildings	56	136	169	128	122
e. Alterations and Additions	1,662	1,774	1,095	2,012	3,155
f. Other	535	806	381	669	1,507
Non-Residential Building Valuations Subtotal	$ 2,677	$ 3,119	$ 1,803	$ 3,585	$ 6,241
Total Building Valuations (in millions)	$ 5,519	$ 6,495	$ 5,021	$ 8,207	$ 11,721

Source: Real Estate Research Council of Southern California - 3rd Quarter 2015

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

				No. of Employees	
	Company (in order of 2014 Ranking)	**Industry**	**Headquarters**	**L.A. County**	**Total**
1	Kaiser Permanente	Health Care Provider	Oakland, CA	35,771	174,415
2	University of Southern California	Education-Private University	Los Angeles, CA	18,629	18,797
3	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	17,000	64,300
4	Target Corp.	Retailer	Minneapolis, MN	15,000	347,000
5	Ralphs/Food 4 Less (Kroger Co.)	Grocery Retailer	Cincinnati, OH	13,500	N/A
6	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	13,000	216,700
7	Providence Health & Services	Health Care	Renton, WA	15,000	70,357
8	Albertsons/Vons/Pavilions	Grocery Retailer	Boise, Idaho	11,701	132,000
9	AT&T Inc.	Telecommunications	Dallas, TX	11,700	275,000
10	UPS	Transportation and Freight	Atlanta, GA	10,768	435,000
11	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,600	300,000
12	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	10,500	168,466
13	Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	10,250	10,250
14	Walt Disney Co.	Entertainment	Burbank, CA	10,200	180,000
15	Wells Fargo	Diversified Financial Services	San Francisco, CA	9,282	265,000
16	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,500	118,000
17	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,100	9,100
18	FedEx Corp.	Shipping and Logistics	Memphis, TN	7,700	246,000
19	Edison International	Electric Utility	Rosemead, CA	7,650	13,365
20	Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	7,400	N/A
21	Universal Services of America	Security Systems	Santa Ana, CA	6,554	60,000
22	Dignity Health	Hospitals	San Francisco, CA	6,100	60,000
23	American Apparel, Inc.	Apparel Manufacturer and Retailer	Los Angeles, CA	6,000	10,000
24	Costco Warehouse	Membership Chain of Warehouse Stores	Issaquah, WA	5,800	195,000
25	SoCalGas	Natural Gas Utility	Los Angeles, CA	5,600	8,483

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, August 2015

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final opinion in substantially the following form:

[Delivery Date]

County of Los Angeles
Los Angeles, California

County of Los Angeles
2016-17 Tax and Revenue Anticipation Notes
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Los Angeles (the "County") in connection with the issuance of $__________ aggregate principal amount of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes (the "Notes"), issued pursuant to a resolution of the Board of Supervisors of the County adopted on May __, 2016 (the "Resolution") and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2016-17 Tax and Revenue Anticipation Notes, dated July 1, 2016, executed by the County (the "Financing Certificate"), and Article 7.6, Chapter 4, Part 1, Division 2 of Title 5 (commencing with Section 53850) of the California Government Code. Capitalized undefined terms used herein have the meanings ascribed thereto in the Financing Certificate.

In such connection, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate, an opinion of County Counsel of the County, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Financing Certificate and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Resolution, the Financing Certificate and the Tax Certificate, and their enforceability, may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes, and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1.The Notes constitute the valid and binding obligations of the County.

2.The Financing Certificate has been duly executed and delivered by, and constitutes the valid and binding obligation of, the County.

3.Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC, and County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company, New York, NY, will act as securities depository for the Notes (the "Notes"). The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity of such issue, and will be deposited with DTC.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on this website is not incorporated herein by reference.

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and other payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to the County's designated agent, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to the County's designated agent. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to the DTC account of the County's designated agent.

10. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Resolution and Financing Certificate with respect to certificated Notes will apply.

12. The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The Notes are not subject to redemption prior to maturity.

NONE OF THE COUNTY OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF NOTES FOR REDEMPTION.

$__________
COUNTY OF LOS ANGELES, CALIFORNIA
2016-17 TAX AND REVENUE ANTICIPATION NOTES

DISCLOSURE CERTIFICATE OF THE COUNTY

This Disclosure Certificate (this **"Disclosure Certificate"**) is executed and delivered by the County of Los Angeles (the **"County"**) in connection with the issuance of $__________ aggregate principal amount of the County's 2016-17 Tax and Revenue Anticipation Notes (the **"Notes"**). The Notes are being issued pursuant to a Resolution adopted by the County on ________, 2016 (the **"Resolution"**), and a Financing Certificate executed by the Treasurer on ________, 2016 (the **"Certificate"**). The County covenants and agrees as follows:

Section 1. **Purpose of this Disclosure Certificate**. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the **"Rule"**).

Section 2. **Definitions**. In addition to the definitions set forth in the Certificate, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Commission" shall mean the U.S. Securities and Exchange Commission.

"Dissemination Agent" shall initially mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system.

"Holders" or **"Noteholders"** shall mean the registered owners of the Notes.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"Participating Underwriters" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

Section 3. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 3, the County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Notes:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties of the County;

4. unscheduled draws on any credit enhancement reflecting financial difficulties of the County;

5. substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Notes;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

7. modifications to rights of Noteholders, if material;

8. redemption or call of the Notes, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Notes, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the County; *provided* that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such

jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of the trustee, if material.

Certain of the foregoing events may not be applicable to the Notes.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall file a notice of such occurrence not later than ten (10) business days after such occurrence with the MSRB through its EMMA System.

Section 4. **Termination of Reporting Obligation**. The County's obligations under this Disclosure Certificate shall terminate upon the payment in full of all the Notes. If such termination occurs prior to the final maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(a).

Section 5. **Dissemination Agent**. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

Section 6. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Notes in the same manner as provided in the Resolution and the Certificate for amendments to the Resolution and the Certificate with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

Section 7. **Additional Information**. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. **Default**. In the event of a failure of the County to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. **Duties, Immunities and Liabilities of Dissemination Agent**. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. **Beneficiaries**. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

DATED: ________, 2016

COUNTY OF LOS ANGELES, CALIFORNIA

By: ______________________________________

JOSEPH KELLY
Treasurer and Tax Collector

[Signature Page to Disclosure Certificate for the 2016-17 Tax and Revenue Anticipation Notes]